

SEPL/SE/Sep/21-22
September 09, 2021

The General Manager,
Corporate Services/Listing Department
BSE Limited
Floor 25, P.J. Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code : 501423

Sub : Corrigendum to Annual Report for the Financial Year 2020-21

Ref : (i) Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(ii) Submission of Annual Report for the Financial Year 2020-21 of the Company vide letter dated August 23, 2021

We refer to the Annual Report for the Financial Year 2020-21 of Shaily Engineering Plastics Limited (“the Company”) filed with BSE Limited on August 23, 2021 and dispatched to the Shareholders, whose email IDs were registered, on August 23, 2021.

A Corrigendum to the Annual Report for the financial year 2020-21 of the Company is hereby issued, in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further wish to inform you that the corrigendum for typographical corrections in the Annual Report 2020-21 has no impact on the Statement of Profit and Loss Account and Balance Sheet of the Company for the Financial Year ended March 31, 2021 and that this corrigendum should be read in conjunction with the Annual Report for the Financial Year 2020-21 of the Company. Except for the specific changes as mentioned in the Corrigendum, all other contents of the aforesaid Annual Report of the Company shall remain unchanged.

Further, the Annual Report 2020-21 (with typographical corrections) is uploaded on the Company’s website i.e. www.shaily.com and the same is also enclosed herewith.

Kindly take the same on record.

Thanking You.

For **Shaily Engineering Plastics Limited**

Preeti Sheth
Asst. Company Secretary
ICSI M.No. ACS36624

Encl : (i) Corrigendum to the Annual Report 2020-21
(ii) Annual Report with typographical corrections for the Financial Year 2020-21

CORRIGENDUM TO THE ANNUAL REPORT OF SHAILY ENGINEERING PLASTICS LIMITED FOR THE FINANCIAL YEAR 2020-21 CIRCULATED TO THE SHAREHOLDERS

This corrigendum is being issued in connection to the Annual Report of Shaily Engineering Plastics Limited (“the Company”) for the Financial Year (FY) 2020-21, to be considered and adopted by the Members of the Company, at the ensuing Annual General Meeting (“AGM”) of the Company, scheduled to be held on Tuesday, September 14, 2021, at 11:30 a.m., through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”), to transact the business as mentioned in the Notice of the AGM dated August 17, 2021. The said Annual Report, alongwith the AGM Notice, were dispatched to the Members of the Company through e-mail on August 23, 2021.

This Corrigendum should be read in conjunction with the Annual Report of the Company for the FY 2020-21.

The Members of the Company are requested to take note of certain typographical corrections pertaining to Financial Highlights and Five-Year Highlights (Page 10 and 11 of the Annual Report), Page 28 of the Management Discussion and Analysis and Page 33 of the Board’s Report. The Annual Report for FY2020-21 with typographical corrections is placed on Company’s website at <https://www.shaily.com/investors/annual-report>

These corrections are carried out due to inadvertent typographical corrections noticed in the Annual Report. All the concerned shareholders, Stock exchanges, depositories, Registrar and Share Transfer Agent, the agency appointed for e-voting, the scrutinizer and other authorities and all other concerned persons are requested to take of the above.

Except for the specific changes as mentioned in the Corrigendum, all other contents of the aforesaid Annual Report of the Company shall remain unchanged.

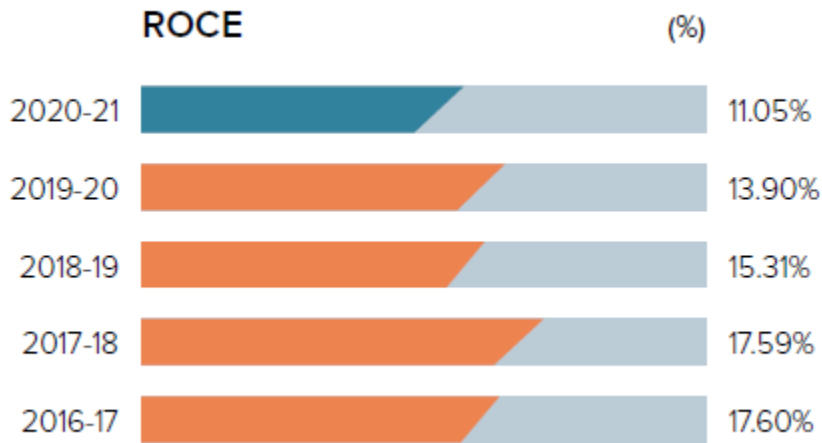
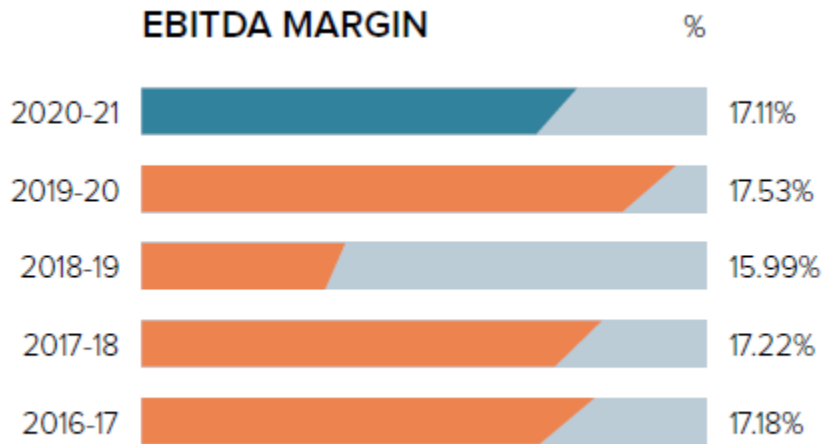
We further confirm to the members that the corrigendum for typographical corrections in the Annual Report 2020-21 has no impact on the Statement of Profit and Loss Account and Balance Sheet of the Company for the Financial Year ended on March 31, 2021.

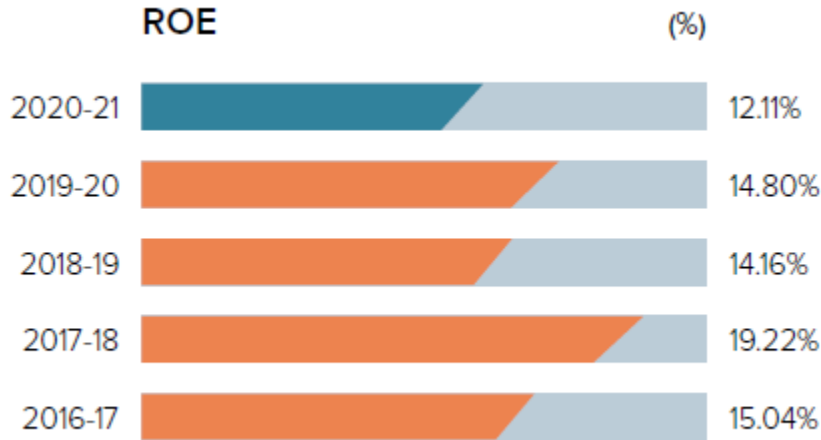
Details of typographical corrections in the Annual Report for the FY 2020-21

The shareholders of the Company are requested to take note of the following typographical corrections in the Annual Report of the Company for the financial year 2020-21.

1. Financial Highlights at Page No. 10 of the Annual Report 2020-21

Graphs depicting ratios for EBIDTA Margin, Return on Capital Employed (“ROCE”) and Return on Equity (“ROE”) for previous five financial years is replaced and shall now be read as below :





2. Five Year Highlights at Page No. 11 of the Annual Report 2020-21

Sources of funds were inadvertently typed as the same figures for all the five financial years. The same has been replaced and the “Sources of funds” now reads as below :

₹ in Lacs					
Particulars	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
SOURCES OF FUNDS					
Share Capital	831.84	831.84	831.84	831.84	831.84
Reserves & Surplus	17,354.71	15,106.34	12,781.92	11,598.78	9,713.15
Net-Worth	18,186.55	15,938.18	13,613.76	12,430.62	10,544.99
Borrowings – Long Term	12,836.39	7,211.64	4,715.67	2,096.17	1,596.79
Capital Employed	38,547.21	29,634.89	26,391.29	23,610.54	17,455.61

3. Change in particulars of Management Discussion & Analysis – Page No. 28 of the Annual Report

- A.** On page 28 under the Heading – Key Developments during the year,
- (i) For Steel Furniture Business, 2nd bullet point of highlight shall be read as, “*Trial production at Carbon Steel factory commenced during Q3 2020-21 and started with commercial production at Steel Furniture plant in December 2020.*”
 - (ii) For Toys Business, 2nd bullet point of highlight shall be read as, “*We have been awarded 3 projects with a leading toy manufacturer. Commercial supplies started from Q4 2020-21. Total business value US \$6 million.*”

(iii) For Toys Business, 4th bullet point of highlight shall be read as, “*Business facility to be operational by Q1 of 2021-22.*”

(iv) For Toys Business, 6th bullet point shall be read as, “*Started production of 2 products for Global Toy Major, post its approval in Q4 2020-21.*”

B. On page 28 under the Heading – Significant Changes in Key Financial Ratios during 2020-21, the line appearing below the heading is replaced and shall now be read as, “The key financial ratios during **2020-21 vis-à-vis 2019-20** are as below :”

4. Page 33 of Annual Report – Board’s Report

Point d of Directors & Key Managerial Personnel whereunder Conclusion of Tenure of Mr. Sarup Chowdhary, Independent Director is provided, the date of conclusion of his tenure is **26th September 2020** instead of 26th September 2021. Accordingly, the revised description shall be read as, “*Second term of Mr. Sarup Chowdhary, Independent Director, concluded at the close of 40th Annual General Meeting of the Company, held on 26th September, 2020.*”

Except for the specific changes as mentioned above, all other contents of the Annual Report of the Company for the Financial Year 2020-21 shall remain unchanged.

For Shaily Engineering Plastics Limited

Preeti Sheth
Asst. Company Secretary
ICSI M.No. ACS36624



PERFORMANCE.
POTENTIAL.
POSSIBILITIES.

ANNUAL REPORT
2020-21

 **SHAILY**
Engineering Plastics Ltd

ACROSS THE PAGES

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Investor Information

Market Capitalisation as on 31st March, 2021:	₹ 1,346.75 Crore
CIN:	L51900GJ1980PLC065554
BSE Code:	SHAILY
Bloomberg Code:	SHEP:IN
AGM Date and Time:	Tuesday, September 14, 2021 - 11:30 a.m.

Scan to download



For more investor related information please visit:

<https://www.shaily.com/investors>

Disclaimer: This document contains statements about expected future events and financials of Shaily Engineering Plastics Ltd., which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.



PERFORMANCE.
POTENTIAL.
POSSIBILITIES.

They say performance is the first step you take towards success. It is the foundation that gives you the ability to soar higher. It gives you the experience of making things work right and the expertise of knowing how to make it consistent.

And this performance is what takes you closer to your potential. It introduces you to who you truly are and everything else that you can be. It helps you unravel the capacity to grow beyond the obvious and learn. The day you unleash this potential is when you open up all the endless opportunities and the possibility of unlocking your excellence.

At Shaily, our robust past performance has helped us discover our untapped potential. It has enabled us to act on the endless opportunities that lie ahead of us. Together, these three 'Performance. Potential. Possibilities.' stand for who we are. And this Report is our impeccable journey of how we have weaved all three together and set on our impressive road ahead.



INDIA'S ONE OF THE LEADING EXPORTERS OF PLASTIC COMPONENTS

PERFORMING CONSISTENTLY

Shaily Engineering Plastics Limited ('Shaily Engineering' or 'the Company') is among the largest manufacturers of plastic components, medical devices, toys, etc., With a rich experience of more than 30 years, Shaily Engineering specialises in precision injection moulding, post moulding facilities, manufacture of complex assemblies. Offering end-to-end solutions from development to prototyping to manufacturing to validation to testing and compliance. We cater to a diverse industries including Home furnishing, Healthcare, Automotive and Engineering, Personal care, Toys and Steel furniture.

What started as a humble venture with 2 moulding machines in 1987 has grown to 6 state-of-the-art facilities comprising more than 175+ machines. While 5 of the Company's facilities focus on manufacturing plastic components & assemblies. One facility is dedicated to carbon steel furniture. With a total workforce of 1,500+ dedicated and high skilled employees, we cater to Fortune 100 companies in the consumer, FMCG, Healthcare, automotive, and retail sectors. We are constantly focused on developing exceptionally high-quality products for diverse requirements.

Diversified Industry Presence: A Plethora of Possibilities





VISION AND MISSION

To provide end-to-end solutions.

Deliver superior quality to our customers

Higher profitability and value to our shareholders

Sustainability for future generations



OUR VALUES

Deliver customer delight through excellence in performance.

Build a positive team and family spirit of 'One Shaily'.

Never bypass systems and processes.

Treat everyone with courtesy and respect.

Always follow through on targets and commitments.

Getting it right in the first time.

Be passionate, determined, proactive, and ready to take on challenges.

Core Capabilities: Our Potentials that Lead to Performance



NEW PRODUCT DEVELOPMENT

- Tool Design
- Mould Flow
- Process Design
- Automation
- Polymer Selection



MANUFACTURING

- Precision Moulding
- Decoration & Printing
- Assembly
- Automation



QUALITY

- Regulatory Compliance
- Robust QA/QC Processes
- Verification & Validation
- Continuous Improvement



SUSTAINABILITY

- Social Compliance
- Renewable Energy
- Recycled / Biodegradable Plastics



Journey Over the Years: The Performance so Far

CONSUMER

Grew the existing clientele by adding new customers, new products and new segments

- ◆ Strengthened our relationship with Swedish Home Furnishings major.
- ◆ Scaled up from 18 SKU's in FY17 to supplying 48 SKU's as of 2020-21 .
- ◆ Ventured in Carbon steel furniture business for the Homes Furnishing Major.



HEALTHCARE

Increased utilisation levels of healthcare business. Deepening foray across contract manufacturing of medical devices, own IP developed products and speciality packaging.

- ◆ Healthcare is now the 2nd largest revenue contributor.
- ◆ Added 12 drug delivery devices.
- ◆ Consolidation of Healthcare unit to achieve faster breakeven and higher efficiencies.
- ◆ Built high scale to be able to achieve 2-3x revenue growth in 3-5 years.



BUSINESS

De-risked business model

- ◆ Added focus on new business and customers to de-risk the business model.
- ◆ Ventured in the toys business with manufacturing & supplies to two global Toys Companies.
- ◆ Investment made in the Carbon steel furniture business to diversify concentration beyond plastics, and cemented relationship with the Home furnishing major.
- ◆ Potential for entry into multi-material products (combination of plastic and steel)



FINANCIAL HEALTH

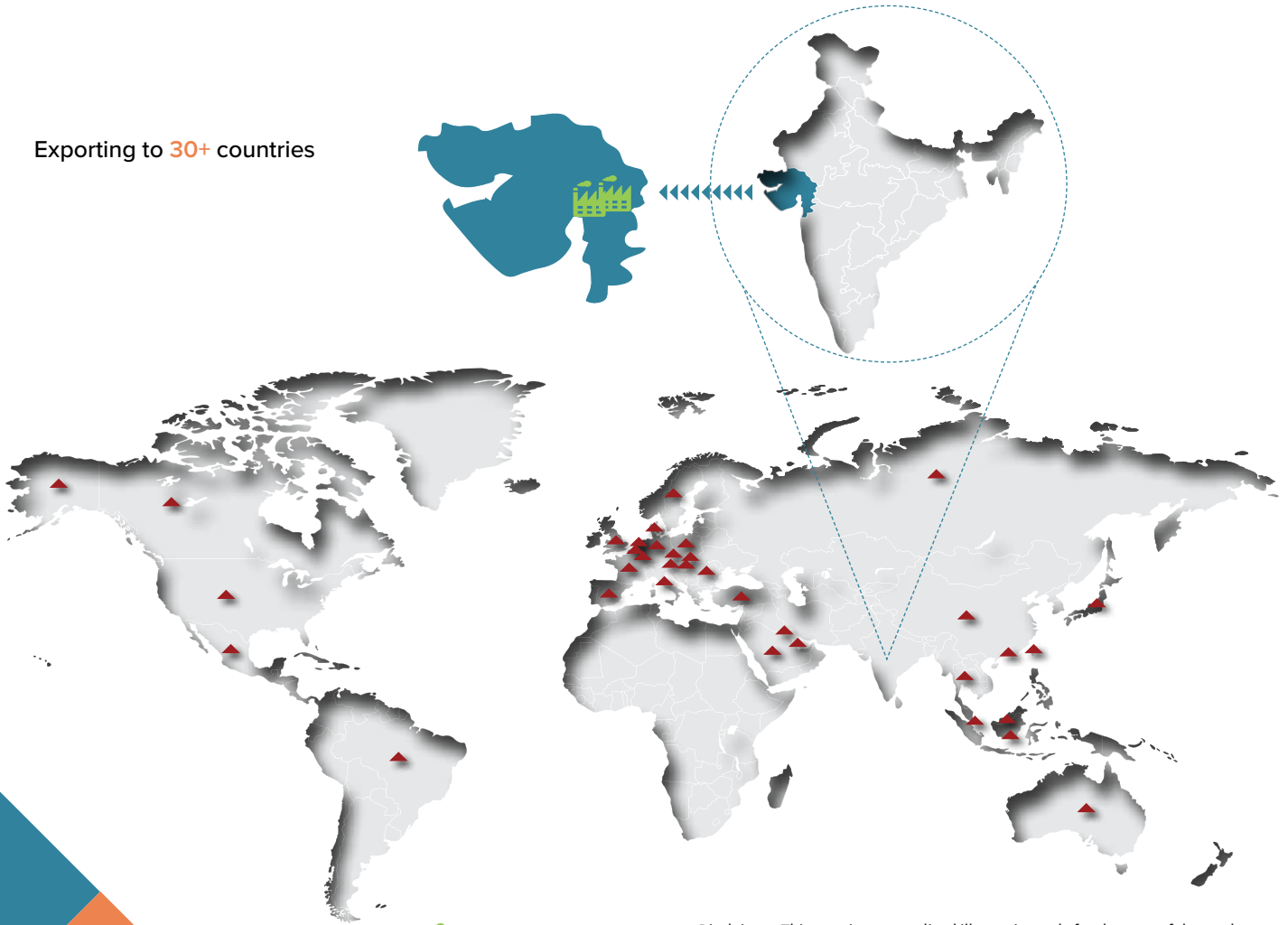
Created financial flexibility and a strong balance sheet to address larger business opportunities

- ◆ Efficiently utilised internal cash flows alongwith funding of ₹ 150 crores over the years, to set up and expand our healthcare business and Carbon steel furniture business; added new SKU's for Home Furnishing major and continual expansion of existing facilities.
- ◆ Despite investment in capex, Debt/Equity ratio is at comfortable levels.
- ◆ With diversified product range, supported with strong customer base and sustainable demand, creating outlook for strong cash generations to support future growth.



OUR PRESENCE

Exporting to 30+ countries



FACILITIES
 Rania
 Halol

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/ states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

Quality Management at Shaily

DELIVERING THE BEST POSSIBLE OUTCOME

Quality is one of the foremost promises that Shaily Engineering puts out for its customers. With focus on R&D and innovation, we strive to provide best of services and world class products. Our superior quality products have played a significant role in our successful journey so far.



We are globally certified to the highest quality levels, with certifications and recognitions in :

Quality Certifications :

- ▶ IATF 16949-2016
- ▶ ISO 9001: 2015
- ▶ ISO 13485: 2016
- ▶ ISO 15378: 2017
- ▶ MDSAP – Medical Device Single Audit Program

Security Certifications :

- ▶ Intertek - Global Security Verification (GSV)
- ▶ Authorised Economic Operator (AEO) T2 Certificate

Social Compliances Certification :

- ▶ SA 8000:2014
- ▶ RBA
- ▶ IWAY

Other Certifications :

- ▶ Recognition as an in-house Research & Development Unit.
- ▶ Two Star Export House

To ensure adherence to quality standards while optimising operational efficiencies, our QMS (Quality Management System) employs a risk-based approach for all processes, as well as a mix of time-tested and cutting-edge techniques. Among these methods are:

- ◆ Six Sigma
- ◆ Continuous Improvement Initiatives
- ◆ Process Capability Monitoring, through the use of Statistical Process Control methods
- ◆ Root Cause Analysis & CAPA (Corrective Action & Preventive Action)
- ◆ Risk Management
- ◆ Use of CMM (Co-ordinate Measurement machine) and Custom Fixtures for In-process Quality Control
- ◆ Supplier Management
- ◆ Qualification Validation
- ◆ State of the art testing facilities for respective business segments



HIGHLIGHTS OF THE YEAR

FY 2020-21

Q1

HOME FURNISHING

₹ 60 cr

New orders from home furnishing major

HOME FURNISHING

9

New SKUs added

TOYS

3

New projects received from a leading Toy Manufacturer

₹ 44.65 cr/year

Total value addition from new customers

HEALTHCARE

Finalised contract

With a global pharma customer for development and supply of pens

AUTOMOTIVE & ENGINEERING

3

New projects awarded by Garrett (Honeywell)

CARBON STEEL

2

New SKUs confirmed for Steel furniture

Q2

FMCG

Consolidated business

With increase in volumes and addition of moulds

TOYS

₹ 28.65 cr

Projects confirmed from 2 customers

HEALTHCARE

2 rectal devices

Received development and supply contract

AUTOMOTIVE & ENGINEERING

2

Insulator rod project confirmed from Garrett (Honeywell)

CARBON STEEL

Trial productions

Commenced at Carbon Steel factory

Q3

SHAILY UK LTD*

Established a subsidiary in UK

CAPACITY EXPANSION

Started construction of new plastic plant at Halol new complex

HOME FURNISHING

₹ 120 cr

Worth business received from Home Furnishing major

1

Received product confirmation from customer

CARBON STEEL

Commercial production

Commenced at Steel Furniture plant

HEALTHCARE

Intellectual Property

Developed for 1 pen injector

Note:

*pending share subscription as at 31st March, 2021.



Q4

TOYS

2 products

Commenced production for Global Toy Major

CARBON STEEL

2 products

Commercialised and commenced supply

HEALTHCARE

2

New pen development projects concluded

CRC CAPS

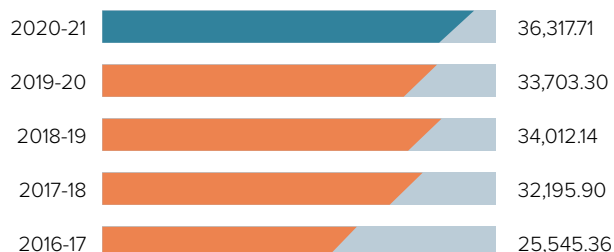
Received new orders



FINANCIAL HIGHLIGHTS

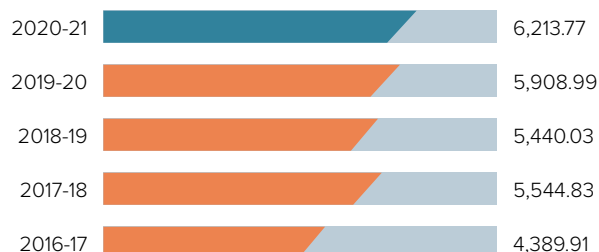
REVENUE

₹ in Lakhs



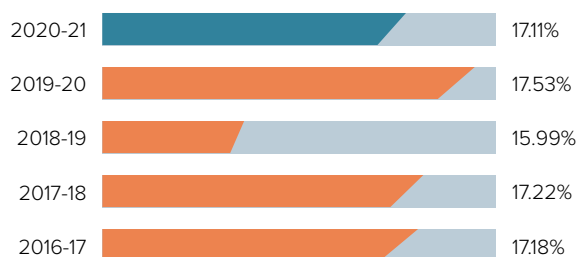
EBITDA

₹ in Lakhs



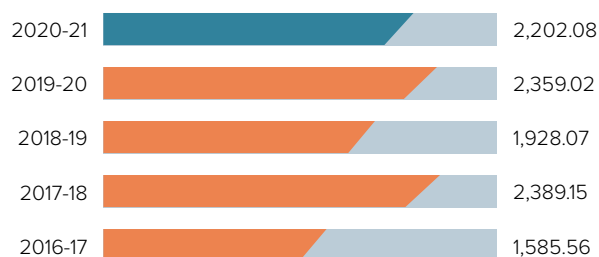
EBITDA MARGIN

%



PAT

₹ in Lakhs



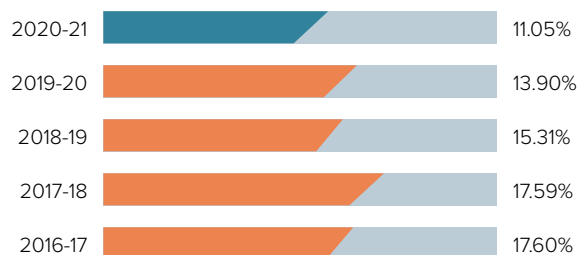
PAT MARGIN

%



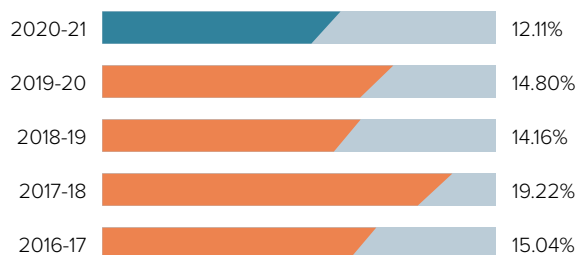
ROCE

(%)



ROE

(%)



EBITDA = Earnings before Interest, Taxes, Depreciation and Amortization
PAT = Profit After Tax

Five-year Highlights

₹ in Lacs

Particulars	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
SOURCES OF FUNDS					
Share Capital	831.84	831.84	831.84	831.84	831.84
Reserves & Surplus	17,354.71	15,106.34	12,781.92	11,598.78	9,713.15
Net-Worth	18,186.55	15,938.18	13,613.76	12,430.62	10,544.99
Borrowings – Long Term	12,836.39	7,211.64	4,715.67	2,096.17	1,596.79
Capital Employed	38,547.21	29,634.89	26,391.29	23,610.54	17,455.61
INCOME AND PROFITS					
Revenue	36,317.71	33,703.30	34,012.14	32,195.90	25,545.36
EBITDA	6,213.77	5,908.99	5,440.03	5,544.83	4,389.91
EBIDTA (%)	17.11%	17.53%	15.99%	17.22%	17.18%
Profit before Tax	2,988.35	3,069.77	2,995.45	3,422.75	2,316.66
Profit before Tax (%)	8.23%	9.11%	8.81%	10.63%	9.07%
Tax	786.27	710.75	1,067.38	1,033.60	731.10
Profit After Tax	2,202.08	2,359.02	1,928.07	2,389.15	1,585.56
Profit After Tax (%)	6.06%	7.00%	5.67%	7.42%	6.21%
Dividend Per Share	-	-	-	7.50	5.00
Retained Earnings	2,202.08	2,359.02	1,175.95	1,889.55	1,185.09
OTHERS					
Fixed Assets including intangibles	25,720.67	20,303.21	14,995.72	11,328.51	9,774.48
Net worth per equity (₹)	218.63	191.60	163.66	149.43	126.77
Debt – Equity Ratio	1.09	0.78	0.88	0.86	0.63
Current Ratio	1.32	1.21	1.15	1.19	1.26
Shareholders (Nos.)#	4077	4480	4721	3023	3694

As on 31 March

Note : Figures of FY17 onwards are as per IND-AS

MD'S DESK



“ AS THE COUNTRY BATTLES WITH THE DESTRUCTIVE SECOND COVID-19 WAVE, SHAILY IS DISPLAYING EXEMPLARY CORPORATE SOCIAL RESPONSIBILITY TO FIGHT THE OUTBREAK. ”

2020-21 was a pivotal year for Shaily Engineering and we reaffirmed the new era of sustained growth in the Company. Faced with the uncertainties of a once-in-a-generation global pandemic and its far-reaching consequences, we continued to deliver value-added high-quality products to our customers in a safe and timely manner, while charting a course for an even brighter future.

We prioritise the safety, health, and well-being of our employees in whatever we do. In response to Covid-19, we took immediate action to provide business continuity and the healthiest work environment for all. We, at Shaily, were victorious at ensuring the highest cleanliness and safety measures at our facilities.

THE ECONOMIC CONDITION

The pandemic caused a contraction in growth across the globe. India was no exception! It is undebatable that the Government's necessary measure of a nationwide lockdown helped in the fight against Covid-19, but in the first quarter, it also led to a financial halt. As the nation unlocked in the second quarter, along with the Government's relief package and the Reserve Bank of India's (RBI) accommodative

monetary policy, the economy registered a V-shaped recovery. However, with the second wave of Covid-19, the growth was again impacted as the Government was forced to impose a series of lockdowns, beginning the March of 2021. However, the Government has been quick to counter the spread with its multiple and rapid vaccination drives. As we recover from a more hostile wave now, any further waves of the virus could have an impact on the economy, making the overall outlook uncertain.

OUR PERFORMANCE IN 2020-21

The year 2020-21 saw us reinforcing our strong foundation for the firm's healthy future. On a full year basis, the Company reported a betterment in revenue from ₹337 Cr in 2019-20 to ₹363 Cr this year around. EBITDA grew from ₹59 Cr in 2019-20 to ₹62 Cr.

EBITDA margins in 2020-21 were impacted in the second half of the year attributed to the Government withdrawing the MEIS benefits from December; conclusively, the Company reported a net profit of ₹22 Cr as compared to ₹23.6 Cr in 2019-20.

OUR DEVELOPMENTS

The year, which started with a standstill, impacted the economy and the Company, resulting in a financial chart loaded with peaks and valleys. After much delay in constructions as well as equipment installation, we successfully commercialised operations at our carbon steel furniture plant in December 2020. This was one of the most technologically-advanced projects, which we had undertaken outside our core area of expertise. In spite of zero to minimum support from our suppliers due to challenges in covid times, we are operating smoothly. This shows our uniqueness and ability to grow independently even in the most difficult of times.

We also began construction for our new plastics plant at Halol campus. There has been no delay in timelines despite the lockdown, and we anticipate that the plant will be fully operational in the first half of 2021-22. This will allow us to serve our new orders much better, particularly those from home furnishing business.

During the year, we commenced the production of two products for one of the world's top three toy brands post approval in Q4 2020-21, which brings us two crucial steps closer to commercialisation. In healthcare, we are undergoing development of an auto injector as well as 2 new pens.

We also anticipate revenue growth from registration-backed supply from our existing platforms, as well as a significant ramp up over the next two to three years. As utilisation levels increase in the coming quarters, the commercialization of carbon steel operations will assist us in increasing the revenue trajectory and improving EBITDA margins. Once we complete our ongoing expansion, our growth trajectory will reach new heights in terms of both top line and bottom line.

PEOPLE AND CULTURE

The events of the past year demonstrated that societal challenges are bound to increase if economic, social, and environmental issues aren't solved properly. Also, the disproportionate impact 2020 had on the most vulnerable needs to be remedied.

We recognise our business has a responsibility towards the communities it sustains around and can meaningfully contribute to the change that is necessary. In 2020-21, we launched a new social impact and sustainability strategy, designed to make a greater impact in communities by more effectively combining our financial resources and business expertise. In the communities we serve, the Company focuses its social impact on building a sustainable, inclusive future for all by supporting small business growth, financial health, and a low-carbon economy. Through our business, we are using our resources, ingenuity, and collaborations with

public and private sector organisations to help solve complex problems. A major near-term focus is fostering an inclusive recovery from the Covid-19 pandemic and strengthening communities that have been disproportionately impacted.

As a responsible employer, team at Shaily has supported the government and the community during the COVID-19 crisis since the beginning. To mitigate the effects of the outbreak, Shaily has undertaken numerous community initiatives which included awareness on health and safety, provision of food, sanitizers, partnering with the local administration among several other activities.

As the country battles with the destructive second COVID-19 wave, Shaily is displaying exemplary corporate social responsibility to fight the outbreak.

We have provided ventilator, medical equipment, medicines, immunity boosters, multi vitamins, kits of grocery items, household goods, essential commodities, financial support for the medical treatment of the poor patients and needy families to fight against COVID-19 pandemic.

We recognise that our operations have a wide range of stakeholders, including investors, employees, customers, business associates, and local communities. So, we pay the utmost attention to corporate responsibilities, which can improve overall performance. As part of its Corporate Social Responsibility initiatives, the Company continues to support local initiatives directed at health/medical, education, and sanitation/cleanliness.

APPRECIATION

Globally, 2021 seems to be yet another unpredictable year as 2020 was, but, with our strong business model, focused growth strategy, and the right panel of skilled executives on board, we are prepared for uncertainties and devoted to furthering our business through the strife.

We are grateful for the help we have received from everyone, who supported the Company in their own unique way. I'd like to express my heartfelt gratitude to employees at all levels, for their tenacity and unrivalled contribution to the Company's success. I'd also like to thank our customers, stakeholders, bankers, and suppliers for their continued loyalty and faith in us. We, at Shaily, look forward to explorations with respect to untapped opportunities, growth potentials, and the values, we so hope to create for our stakeholders.

Best wishes,
Amit Sanghvi
Managing Director

AN EXTENSIVE PRODUCT PORTFOLIO

COUNTLESS POSSIBILITIES

Our offering extends beyond just traditional plastic products. To remain resourceful, we are building a robust product portfolio that helps us better our customers' lives.

3+

Decades worth of experience in engineering plastics

Consumer Business

Our Potential

- ◆ World-class Quality
- ◆ End-to-end Solutions
- ◆ Technical Capabilities
- ◆ Environment-friendly
- ◆ Timely Execution

HOME FURNISHING BUSINESS

Our omnipresent home furnishing products serve households worldwide. Our consistent and high-quality products, as well as our quick turnaround times, have resulted in repeat business and addition of new SKU's. As a result, we have emerged as a preferred partner for many home furnishings companies today.



TOY BUSINESS

Shaily's venture into the toy's business is well-acknowledged and successful given our diverse range of plastic/electronic children's toys, which meet the standards and volume requirement for global markets.



Performance Drivers for Shaily's Toy Business

- ◆ The growing number of children's programmes and TV channels is expected to drive toys' demand.
- ◆ Toys for toddlers have gotten smarter and infotainment-friendly.
- ◆ Global toy companies are expected to move their outsourcing to India, which is now emerging as an alternative manufacturing hub to China, post the pandemic.
- ◆ The quality of our products meets the highest international standards, making us a preferred supplier around the world.



Carbon Steel Furniture

Being a renowned manufacturer of high-precision injections and moulded plastic components for globally well-known Original Equipment Manufacturers (OEMs), it made natural sense to further our presence in the Steel Furniture niche as well. Our recently institutionalised facility at Halol is a step towards emerging as a leading player in this business.

2

SKUs

48

SKUs for Home Furnishing business

3

SKU's for Toys business



Healthcare Business

Platform Devices

- ◆ Pen Injectors
- ◆ Autoinjectors

Performance Drivers

- ◆ Drug Delivery Devices
- ◆ Speciality Packaging
- ◆ Dedicated Facility with ISO Class 8 Clean Room for moulding, secondary operations and assembly.
- ◆ Quality and Compliance (FDA 21 CFR 820)

DRUG DELIVERY DEVICES

Shaily offers a comprehensive range of technologies, solutions and services for patient-centric and cost-effective self medication injection systems.

We manufacture complex precision components and assemblies that demand stringent quality adherence and tight tolerances. Our product portfolio includes Drug Delivery devices, Pen Injectors, Auto Injectors Dry Powder Inhalers (DPI's) and Speciality Devices & Packaging.

Our vision is to design, develop, and manufacture high-quality and cost-effective healthcare devices in order to make quality healthcare accessible and competitive.

Our Value Propositions: Potential to Tap

- ◆ Pen/Auto Injectors with own IPs.
- ◆ Comprehensive Design Review
- ◆ Collaborative Tool Design & Manufacturing
- ◆ Innovative Assembly Solutions
- ◆ Efficient Supply chain
- ◆ Dedicated testing facility for devices.
- ◆ Understanding and support for Regulatory requirements.



SPECIALITY PACKAGING

Through our manufacturing expertise, we have expanded our offerings in the pharmaceutical industry, to become one of the leading providers in packaging solutions. With expertise in resourcing, quality monitoring, and regulatory compliance, we manufacture tamper-proof containers for solid and liquid dosages, as well as specialty packaging.



A Business of Possibilities because we deal in:

- ◆ High-end Vision System for healthcare packaging
- ◆ Design & Development capabilities
- ◆ Type III Drug Master Files
- ◆ US Pharmacopeia Standards

Healthcare Business - Way Forward

INDUSTRY GROWTH

Increasing demand for pharmaceutical devices & packaging products due to rising geriatric population, growing chronic diseases, increasing number of diabetic patients, etc.

GROWTH DRIVERS

Expansion of the generic market, technological advancement & strict government regulations for conventional packaging are major factors that drive market growth.

BUILDING STRONG RELATIONSHIP

Our key partners for device development in the UK & Taiwan continue to build upon their capabilities to ensure that they can aid Shaily in the successful & sustainable development of next generation platforms.

DEVELOPING OUR R&D

Our ability to develop IP & our own pen injector platforms are finally paying off. We have a total of 5 pen injector platforms for various molecules today and are working towards developing an auto injector

END-MARKET

Capabilities include supplies to ophthalmic brands, skin care brands & CRC and specialized packaging applications



We provide a wide range of world-class technological solutions for patient-centric and self-medication injection systems.

SHAILY TRISTAN AUTOINJECTOR

2 step Auto-injector with customisation options



SHAILYPEN HARMONY

0-80 IU Insulin Reusable-/Disposable, Single-dose and Multi-dose Alternate Therapies(Semaglutide, Liraglutide)



SHAILYPEN PROTEAN

0-60 IU Insulin Reusable-/Disposable, Settable for Alternate Therapies – 3 dose, 2-dose and Single-dose GLP-1- Liraglutide, Abaloparatide)



SHAILYPEN AXIOM

HgH – Human Growth Hormones
 FSH – Follicle Stimulating Hormone
 PTH – Parathyroid Hormone
 GLP-1 - Glucagon-like peptide-1



SHAILYPEN MAXIM

0-80 IU Insulin Reusable/Disposable, Single-dose, and Multi-dose Alternate Therapies



Personal Care

We manufacture highly customisable products, which perfectly fit the requirements pointed by our global clients. Our balanced operational approach and cutting-edge technology has helped us manufacture products from razors to stylish casing for cosmetics.

PERFORMANCE DRIVERS

ULTRASONIC WELDING

We provide ultrasonic welding services on a range of polymers, which can be incorporated in line with injection moulding.

VACUUM METALISING

Our automated metalising facility grants a top-quality metal finish to plastics.

HIGH SPEED ROTARY PAD PRINTING

High-tech printing machines provide a full-colour finish to a wide variety of polymers. For optimum print quality, we have installed the machines in a controlled environment, where natural conditions are mechanically adjusted.

PAINTING

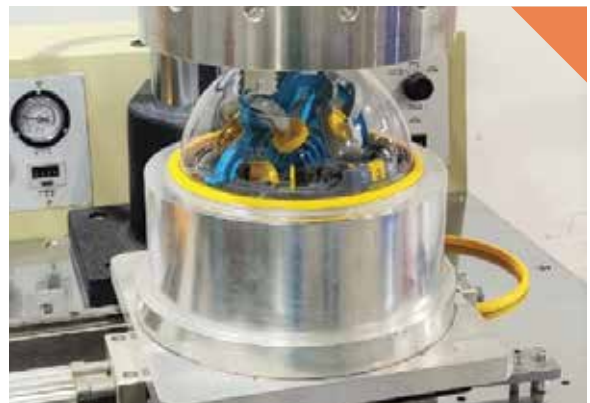
We also provide specialised paint lines, suitable for many types of polymers.

SCREEN PRINTING

Our screen printing solutions consist of semi-automated, high-quality, single or multi-colour facilities, which conduct prints on cylindrical or flat components.

HOT STAMPING & HOT FOILING

We deal in special ink or foil finish, available in the hot stamping facility, which also includes robotic control to speed up the handling process.



Automotive & Engineering

Automotive

We produce components used in some of the most high-tech US defence applications as well as high-end luxury car turbochargers. We are a global leader in the conversion of metal rods to plastic rods.



PERFORMANCE DRIVERS

ENGINEERING PLASTICS

We manufacture high-value products out of high-performance engineering plastics which includes unique solutions to replace metal with high strength plastics, resulting in greater productivity and cost savings.



UNIQUE MOULDING PROCESS

Our proprietary moulding process is used to create components out of Torlon and PEEK. (types of high performance polymers), thereby bringing in the best polymers for our customers.



TOOLING

We are highly experienced in mould designing and developing, with a particular emphasis on mould flow analysis and design for manufacture.

ASSEMBLY SOLUTIONS

Our moulding and assembly solutions with manual, semi-automated, and fully-automated processes reduce costs and promote quality.

METAL TO PLASTIC CONVERSION

We offer exceptional metal substituted in the form of high-strength plastic, resulting in increased productivity and cost savings.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Mahendra Sanghvi
Executive Chairman

Mr Amit Sanghvi
Managing Director

Mr Laxman Sanghvi
Executive Director

Mrs Tilottama Sanghvi
Whole Time Director

Mr Milin Mehta
Independent Director

Mr Ranjit Singh
Independent Director

Dr Shailesh Ayyangar
Independent Director

Mrs Varsha Purandare
Independent Director

KEY OFFICIALS

Mr Sanjay Shah
Chief Strategy Officer

Mr Chintan Shah
Chief Financial Officer

Mrs Preeti Sheth
Asst. Company Secretary &
Compliance Officer

AUDITORS

Statutory Auditors
M/s B S R & Associates, LLP
Chartered Accountants

Internal Auditors
M/s Shah Jain & Hindocha
Chartered Accountants

Secretarial Auditors
M/s Samdani Shah & Kabra
Company Secretaries

Cost Auditors
M/s Y S Thakar & Co.
Cost Accountants

BANKERS

State Bank of India
Standard Chartered Bank
HDFC Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.,
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri East, Mumbai – 400 059
Mumbai – 400 059
Web: www.bigshareonline.com
Email: investors@bigshareonline.com



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MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY:

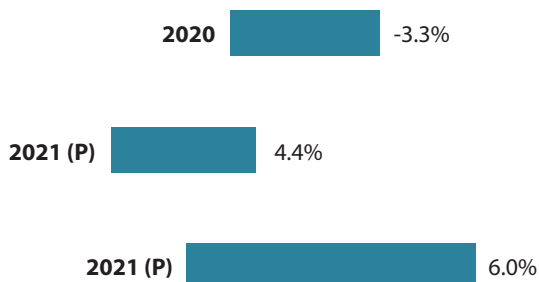
The year 2020 was a year filled with challenges. The entire world united in the fight against the pandemic. As per data published by World Health Organisation in April-2021, COVID-19 continues to disrupt essential health services in 90% of countries. Some signs of recovery emerging but major efforts required to restore and strengthen health services.

Amidst pandemic, the world has seen some of the major event happening such as change in US Presidency, some of the economies rebounded even stronger, the world finding alternative to China and how it is helping other Asian countries. There has been systematic and resilient approach to dealing with Covid-19 and future shocks by the industry players. The emphasis on efficiency in the operation, management and outcomes of various economic and social systems was not a conscious collective choice, but rather the response of the whole system to the incentives that individual components face.

Outlook: Global prospects remain **highly uncertain** one year into the pandemic. **New virus mutations** and the accumulating **human toll raise** concerns, even as growing **vaccine coverage lifts sentiment**. Economic **recoveries are diverging** across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The outlook depends not just on the outcome of the battle between the virus and vaccines - it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis.

IMF projects global growth at 6 % in 2021, moderating to 4.4 % in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalisation, and the evolution of financial conditions.

World GDP Trends



(Source: IMF, April 2021)

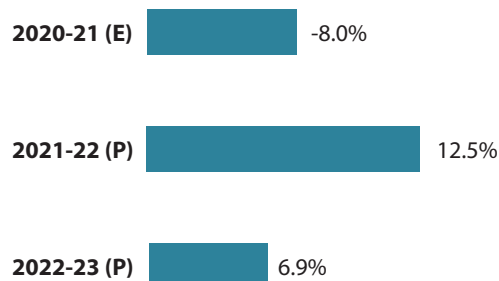
Source: <https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021>

INDIAN ECONOMY:

The International Monetary Fund (IMF) raised its FY22 growth forecast for India to 12.5% from 11.5% estimated earlier in January, even as a resurgent Covid spread threatens to undermine the country's economic recovery. The IMF forecast pitches India as the fastest-growing major economy and the only one expected to record a double-digit recovery from pandemic-hit 2020. China's economy is seen growing 8.4% in 2021 and 5.6% in 2022. "For the Emerging and Developing Asia regional group, projections for 2021 have been revised up by 0.6 percentage point, reflecting a stronger recovery than initially expected after lockdowns were eased in some large countries (for example, India)," IMF said in the latest edition of its flagship World Economic Outlook (WEO) report issued in April. India's gross domestic product (GDP) is seen growing 6.9% in FY23.

Source: <https://economictimes.indiatimes.com/news/economy/indicators/imf-projects-indias-growth-rate-to-jump-to-impressive-12-5-per-cent-in-2021/articleshow/81933966.cms>

Indian GDP Trends



(Source: IMF, April 2021)

INFLATION:

India's retail inflation, measured by the Consumer Price Index (CPI), rose to 5.52 per cent in the month of March. Separately, the country's factory output, measured in terms of the Index of Industrial Production (IIP), witnessed a contraction of (-)3.6 per cent in February, two separate data released by the Ministry of Statistics & Programme Implementation (MoSPI) in April 2021.

The retail inflation during the month of February was at 5.03 per cent.

This is the fourth consecutive month that the CPI data has come within the Reserve Bank of India's (RBI) upper margin of 6 per cent. In March 2021, the government asked the RBI to maintain retail inflation at 4 per cent with a margin of 2 per cent on either side for another five-year period ending March 2026.

MANAGEMENT DISCUSSION & ANALYSIS

The retail inflation data is primarily factored in by the RBI while making its bi-monthly monetary policy. In the first week of April 2021, the Monetary Policy Committee (MPC) of RBI kept the repo rate unchanged for the fifth time in a row at 4 per cent while maintaining an 'accommodative stance' as long as necessary to mitigate the impact of the COVID-19 pandemic.

Source: <https://indianexpress.com/article/business/economy/india-cpi-retail-inflation-march-2021-iip-factory-output-february-2021-mospi-government-data-7270323/>

INTEREST RATE:

In its first monetary policy for the Financial Year of 2021-22, Reserve Bank of India (RBI) kept repo rate unchanged at 4 % as India is battling the second wave of Covid-19 surge. India's Central Bank has maintained accommodative stance as the reverse repo rate stands at 3.35 %. According to the statement by the Governor of RBI, Reserve Bank of India will maintain accommodative monetary policy stance to support growth, keep inflation at targeted level. Recent surge in COVID-19 infections has created uncertainty over economic growth recovery, says RBI Governor Shaktikanta Das.

The RBI Governor said that focus must be on containing spread of virus and economic recovery. Meanwhile, RBI has retained economic growth for 2021-22 fiscal at 10.5 per cent in 2021-22 fiscal's first monetary policy. RBI will ensure ample liquidity in system so that productive sector gets adequate credit.

Reserve Bank of India will ensure orderly conduct of government borrowing and preserve financial stability. RBI will continue to do whatever it takes to preserve stability and to insulate financial firms from global spillovers, the Reserve Bank of India Governor said.

Source: <https://www.india.com/business/rbi-monetary-policy-2021-reserve-bank-of-india-keeps-repo-rate-unchanged-amid-covid-surge-4564005/>

CRUDE OIL:

Oil has been juggling between tightness in markets and demand concerns amid a spike in coronavirus cases leading to fresh lockdowns. Despite the losses, WTI crude largely held the \$58-62/bbl range amid mixed factors.

Weighing on crude price were a rise in Covid-19 cases, which forced countries to impose stricter restrictions, mixed economic data from major economies, the decision by OPEC countries and their allies to raise supply gradually in coming months, the prospect of higher supply from Iran amid efforts to ease US-Iran tensions, and a rise in US crude oil rig count to April 2020 highs.

However, supporting the price was the IMF's upbeat global growth outlook, general optimism about the US economy amid stimulus measures, and weakness in the US dollar.

Crude oil may continue to trade within its recent range amid mixed cues, however, the general bias may be on the downside owing to rising virus cases and OPEC's decision to gradually increase supply in coming months. Focus may continue to be on the coronavirus situation as well as economic data from major economies, which will help form demand outlook.

U.S. crude oil production is expected to fall by 270,000 barrels per day (bpd) in 2021 to 11.04 Million bpd, as per U.S. Energy Information Administration (EIA)'s forecast published in April, 2021.

EIA expects global oil inventories to fall by 1.8 Million b/d in the first half of 2021. Forecast increases in global oil supply will contribute to a mostly balanced market during the second half of 2021. However, the forecast depends heavily on future production decisions by OPEC+, the responsiveness of U.S. tight oil production to oil prices, and the pace of oil demand growth, among other factors.

Source: <https://economictimes.indiatimes.com/markets/commodities/views/crude-likely-to-stay-rangebound-opec-outlook-in-focus-this-week/articleshow/82027209.cms?from=mdr>

<https://www.eia.gov/outlooks/steo/#:~:text=EIA%20estimates%20that%20the%20world,million%20b%2Fd%20from%202020>

GLOBAL PLASTICS INDUSTRY TREND:

Global Plastics industry is evolving and some of the trend visible at global plastics industry level are as follows:

- Production of Carbon-Negative Materials for Automotive Industry is evolving further – companies are coming together with advanced technology to develop and industrialise new products based on technology platform which can be in high demand for OEMs as they seek to decarbonise their supply chains.
- Advancement of technology in the production of plastics - study says that water-based surface treatment slashes plastics preparation time by more than 90% - Oxford Advanced Surfaces (OAS), a pioneer and market leader in the surface preparation of plastic and composite components for painting and lacquering, has developed a new treatment that reduces surface preparation time by more than 90% compared with the existing approach of sanding.
- Plastics: Environmentally Friendly Before There Was Earth Day - In the 20th century, plastics began to replace paper, natural rubber, and even silk, helping to prevent deforestation. Plastic tree shelters protect young saplings:

MANAGEMENT DISCUSSION & ANALYSIS

- o Plastics have also replaced more energy-intensive iron and steel in auto manufacturing and construction. In automobiles, plastics have been instrumental to safety features. Seat belts, air bags, crumple zones, and laminated safety glass use plastics. Plastics' light weight increases fuel efficiency.
- o Plastics industry is equally focused on solutions to waste management and recycling to continue society's progress as environment support measures.
- Report Predicts Demise of Big Oil's Role in Plastics Production - an activist organisation whose efforts include eliminating fossil-based plastics and other petrochemicals due to their "significant climate footprint" and the waste challenges of single-use plastics.

Source: [PlasticsToday.com](https://www.plasticstoday.com)

INDIAN PLASTICS INDUSTRY:

The Indian plastics industry offer excellent potential in terms of capacity, infrastructure, and skilled manpower. It is supported by many polymer producers, plastic process machinery and mould manufacturers in the country. Among the industry's major strengths is the availability of raw materials in the country. Thus, plastic processors do not have to depend on import. These raw materials, including polypropylene, high-density polyethylene, low-density polyethylene, and PVC, are manufactured domestically.

The Department of Chemicals and Petrochemicals has approved 10 Plastic Parks in the country, out of which 6 parks have been given final approval in the states of Assam, Madhya Pradesh, Odisha, Tamil Nadu and Jharkhand. These Plastic Parks will help to achieve environmentally sustainable growth and increase employment.

In 2020-21, plastic and linoleum export from India stood at US\$ 7.55 Billion. During April 2019 to January 2020, plastic export stood at US\$ 7.045 Billion with the highest contribution from plastic raw material at US\$ 2.91 Billion, plastic sheets, films, and plates at US\$ 1.22 Billion and packaging materials at US\$ 722.47 Million. India exported plastics worth US\$ 813 Million in October 2020, and the export during April 2020 to October 2020 was US\$ 5.58 Billion. The total plastic and linoleum export during April 2020 to November 2020 was US\$ 4.90 Billion and for the month of November 2020, it was US\$ 507.06 Million.

The Indian plastics industry produces and exports a wide range of products like plastic-moulded extruded goods, packaging, consumer goods, electrical accessories, moulded or soft luggage items etc.

Source: <https://www.ibef.org/exports/plastic-industry-india.aspx>

CONSUMER BUSINESS:

Home Furnishings Business:

Home decor has been gaining prominence across both developed and developing markets with increasing urbanisation and globalisation trends. The global home decor market reached a value of US\$ 641.4 Billion in 2020 and is estimated to reach \$838.6 Billion by 2027. Home decor is an effective way of portraying the lifestyle that a consumer believes in. Home decor products are used in the decoration of an apartment or a house with various accessories and furnishings to provide a more aesthetic and pleasant appeal to the building. Items in home decor include household furniture, lamps, textiles, floor coverings, pots, candles, artifacts, furnishing items, etc.

The Global Online Home Decor Market is expected to grow by \$ 52.95 Billion during 2021-2025 progressing at a CAGR of 9% during the forecast period.

Few reasons propelling growth to the Home furnishing market are as follows:

- Awareness related to home fashion trends
- Inclination towards brands to provide a more customised furnishing solution
- Growing urban population
- Increasing disposable incomes
- Increasing cost of raw materials like wood, metals, etc. is expected to boost demand for furnishing products made from plastics
- Growing trend of online shopping through various E-commerce websites

Source: <https://www.imarcgroup.com/home-decorative-materials-market>

We currently have one major client in this business, **Swedish Home Furnishing giant.**

Our association with the **Home Furnishings major** dates back to 2004. Over the years we have grown our business multifold with this client and today we are trusted global suppliers for them. To serve the client we have a dedicated EOU facility with more than 48 machines. With the Home Furnishing Major's entry into the Indian market and also opening of its online shopping website for selected cities in India, we see huge prospects of growth with this client in the times to come.

Toys Business:

The global doll, toy, and game market is expected to grow from \$97.99 Billion in 2020 to \$102.26 Billion in 2021 at a compound annual growth rate (CAGR) of 4.4%.

MANAGEMENT DISCUSSION & ANALYSIS

The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The market is expected to reach \$135.66 Billion in 2025 at a CAGR of 7%.

Asia Pacific was the largest region in the global doll, toy, and game market, accounting for 32% of the market in 2020. North America was the second largest region accounting for 27% of the global doll, toy, and game market. Africa was the smallest region in the global doll, toy, and game market.

The global toys and games market is poised to grow by US\$ 54.72 Billion, progressing at a CAGR of over 8% during the forecast period. The board games market is poised to grow by US\$ 2.15 Billion during 2020-2024, progressing at a CAGR of over 7% during the forecast period. The global smart toys market is set to grow by US\$ 878.60 Million during 2020-2024, progressing at a CAGR of almost 3%. The report offers an up-to-date analysis regarding the current market scenario, the latest trends and drivers, and the overall market environment.

Few reasons propelling growth to the Toys market are as follows:

- The toy business has very large potential for growth. Purpose of toys is no longer limited to just play. Baby toys are becoming smarter, designed specifically for learning purposes. Moreover, the pandemic has created a new demand wave given that toys formed a very significant part of child's entertainment.
- The growing number of websites offering a wide range of toys and games has increased the demand for these products, especially among working parents who seek easy accessibility and convenience.
- Increasing children's programs and TV channels are expected to drive demand for toys.
- Rising income levels in the emerging markets.
- Baby toys becoming smarter designed specifically for learning purposes.
- China + 1 strategy is further giving impetus to the growth opportunities for Indian manufacturers. Many brands are increasingly looking to create a 2nd line of outsourced manufacturing base which will deepen the manufacturing capabilities of Indian manufacturers

- Greater economic growth is likely to drive public and private investments, joint ventures, foreign direct investments in the end-user markets, thereby driving the market during forecast period.

Source: <https://www.prnewswire.com/news-releases/global-doll-toy-and-game-market-report-2021-a-100-billion-industry-in-2020---covid-19-impact-and-recovery-to-2030-301240646.html>

Technavio: <https://www.prnewswire.com/news-releases/-878-6-million-growth-in-global-smart-toys-market-during-2020-2024--30-growth-to-come-from-apac--technavio-301244776.html>

We received our first order in the Toys business during the first quarter of the fiscal 2019-20 from one of the leading brands which is global, diversified, multi-platform and highly innovative children's entertainment company. It is counted amongst the top toy companies in the world. Shaily Engineering Plastics made initial shipments in the third quarter of the financial year 2019-20. We have ramped up this business in the financial year 2020-21 as promised and expecting it to grow further in 2021-22. We had entered this industry by establishing relationship with one of the major players in the Toy market in previous year and we are proud to announce that we have positioned ourselves stronger in the industry by entering into relationship with other global toy giants. We foresee huge growth potential in this business going ahead as many global toy companies are now planning to diversify their sourcing and are looking at India as a potential manufacturing destination.

HEALTHCARE BUSINESS :

Our Healthcare business can be broadly classified into Pharma Pen Devices and Healthcare Packaging business.

Pharma Pen Devices Business:

The Global Pharma Devices Market is expected to become ~US\$ 671 Billion market by 2027, thereby expected to grow at a CAGR of 5.2% from ~US\$ 447 Billion in 2019. Medical Devices help improve the patient's quality of life. Rising geriatric population, growing chronic diseases, are projected to boost demand for medical devices.

Source: <https://www.globenewswire.com/news-release/2020/11/11/2124829/0/en/Medical-Devices-Market-Size-Worth-Around-US-671-49-Bn-by-2027.html>

The Global Pharmaceutical Drug Delivery Devices Market is expected to grow from US\$ 1,430.5 Billion in 2020 to US\$ 2,015.3 Billion by 2025, at a CAGR of 7.1% during the forecast period. Rising prevalence of chronic diseases, growth in the biologics market, technological advancements and new product launches are the factors that will lead to the growth of the market.

MANAGEMENT DISCUSSION & ANALYSIS

Source: <https://www.marketsandmarkets.com/drug-delivery-devices-market-research-76.html>

Pharma Packaging Business:

The Pharmaceutical Packaging Market is estimated to grow from ~US\$84 Billion in 2019 to ~US\$ 112 Billion by 2024, growing at a CAGR of 6.0%. The reasons leading to growth in this market are: increase in healthcare coverage, growing aging population, ease in handling, increase in non-communicable disease such as diabetes, etc.

Plastic & polymers are the major raw material type used for pharmaceutical packaging. Cost-effectiveness, excellent shatter resistance makes plastic an effective raw material for pharma packaging. Plastic can be easily converted in the required shapes such as vials, bottles, applicators, etc.

Source: <https://www.marketsandmarkets.com/Market-Reports/pharmaceutical-packaging-market-890.html>

We are one of the India's leading injection molding companies in the Pharma Devices & Packaging field. We are not just converters, we believe in providing total solutions to our clients, right from manufacturing to also assisting them in obtaining regulatory approvals. Shaily Engineering Plastics Ltd. has carved a niche for itself in the Pharma Devices and Packaging market. We have been able to build up a strong pipeline in this business which gives us confidence that it will become a major growth driver for the Company in the near future. We are expected to complete exhibit supplies of major medical devices in the years to come and creating strong pipeline for years to come for their commercial supplies.

In the last few years we have spent considerable time in developing our own intellectual properties for drug delivery devices, which is now reflecting in our performance. Healthcare business earns better margins for us and should be able to grow at a faster pace.

The healthcare journey for us has been one that has been followed by new learning's and addition of new capabilities. Apart from the IP that we have both created and acquired, we have also added significant testing capabilities as per ISO11608, which is the de facto standard on needle based injection systems. We are slowly and steadily making good progress towards commercializing our devices and filing with the US FDA starting in Q3 of 2021-22 to Q2 of 2022-23.

For pharmaceutical pen devices, we have a strong product portfolio which is rare for any company to have globally. We have acquired 3 new customers for Pen devices which includes a large US biotech company for development and supply of a drug delivery system, in the current fiscal

year, 1 in insulin pen and 2 for GLP. It is expected that the healthcare business should be able to achieve faster breakeven and higher efficiencies.

On the healthcare side, we have signed a contract and agreement for development supply of two rectal applicators for engineered part.

We aim to grow considerably in for our Healthcare business over years to come.

AUTOMOTIVE BUSINESS :

Fiscal 2021 ended on a strong note across all auto business given the low base of last year. Demand across business has been robust, maintaining momentum over the past year. Lower interest rates, and customer preference shifting towards personal mobility.

At Shaily, our efforts in the automotive business is geared towards light weighting the vehicle. This involves deep understanding of raw material and its performance aspects which are required to not only light-weight the vehicle but also maintain if not improve the performance. In this category our capabilities lie towards metal to plastic conversion as well as providing turbochargers for end vehicles in the International markets.

We continue to develop products and address the new age requirements of auto companies in their bid to enhance their performance. We continue to maintain steady state of business with our customers in this business. Our product offerings are highly niche to this business. We are expecting some launch of products happening from Shaily in this business in the coming year.

PERSONAL CARE & FMCG BUSINESS :

There has been a shift in the mindset and behaviour of beauty and fashion industry post pandemic. Two decades ago, industry icon Leonard Lauder coined the term the Lipstick Index in a reference to how during the economic recession of the early 2000's women pulled back on indulgences such as jewelry and handbags but continued with affordable expenditure that included beauty products. When individuals have been cooped up for long periods in homes and makeshift offices their sense of apparel is bound to find refuge in comfort as a determinant for choice. The market size of the total fashion retail market, including footwear but excluding jewellery, is at least \$1.78 trillion, worldwide.

The improving quality of life, the positive effects of beauty and personal care on self-esteem and social interaction, and the gradual consumer shift toward premium and luxury cosmetic brands are a few factors that are likely to propel the market growth during the forecast period. India's beauty and cosmetics

MANAGEMENT DISCUSSION & ANALYSIS

sector is valued at \$20 Billion, and projected to reach \$25 Billion in the next few years. Shifting dynamics will therefore not only impact consumer choices but also how business targets are created and achieved. Rising sub-business include eyeshadows, eye liners, kajals, mascaras, brow products, and more.

Source: ET Retail.com

In the Personal Care business, we provide end-to-end solutions that include Vacuum Metalizing, High Speed Pad Printing, Hot Stamping & Hot Foiling, Ultrasonic Welding and Painting. We have an Injection Molding facility & Secondary operation facilities with high level of engineering skills.

In the appliances and lighting business, we supply critical components for the needs of various kinds of knob assemblies for different appliances.

CARBON STEEL FURNITURE BUSINESS:

The Global Steel Furniture Market is growing at a faster pace with substantial growth rates over the last few years and is estimated that the market will grow significantly in the forecasted period i.e. 2019 to 2026.

We commercialised supply from Carbon Steel plant from December 2020. This newly added business business signifies immense faith placed by the customer in our capabilities and execution skills. The new plant commissioned at Halol with an Investment of ₹ 57 Crs. After successful trial run during Q3FY21, we started with commercial supply from December 2020.

We foresee huge potential within this business from our existing customer whose turnover in this business is worth Millions of Rupees to which we have started contributing from installation of our plants.

We expect full utilisation of our capacity by FY22 end based on order confirmation from Swedish Home Furnishing client. Currently we have 2 SKUs for this product and other 2 are in pipeline.

Financial Performance of the Company for 2020-21

- The Company reported Revenue of ₹ 36,317.71 lacs in 2020-21 as compared to ₹ 33,703.30 lacs in 2019-20.
- The Company reported EBITDA of ₹ 6213.77 lacs in 2020-21 up from ₹ 5908.99 lacs in the previous year, i.e. a growth of 5.16 % YoY.
- Profit before tax (PBT) came in at ₹ 2988.35 lacs during the year, compared to ₹ 3,069.77 lacs in the last year, with a decline of 2.65% YoY.
- The Company reported Profit after Tax of ₹ 2,202.08 lacs in FY 2020-21, up from ₹ 2,359.02 lacs in the last year, i.e. a decline of 6.65% YoY.

- The revenue mix for exports to domestic stands at 70.22 : 29.78. The revenue mix continue to skew towards exports.
- Our Debt to Equity ratio stands at 1.09 times.
- Total Capex during the year is ₹ 7371.78 lacs. Major capex has been towards expansion of steel furniture plant and facility for Toys business.
- Looking at the expansion projects on hand, Shaily wishes to conserve cash for internal accrual purpose and hence do not propose any dividend.
- Our performance for 2020-21 improved on account of various factors as enumerated below:
 - Increase in Demand in Home Furnishing Business, automobile Business and healthcare business in later part of the year.
 - COVID 19 nationwide lockdown provided the opportunity to shrink the business but rescale it with better efficiency at operations level.
 - Improved product mix with gradual increase in share of products with better margins.

We have continued to build a strong order pipeline in different business and also successfully added new clients in existing as well as new business. This gives us confidence of a better performance in the coming periods.

KEY DEVELOPMENTS DURING THE YEAR :

This year started off as standstill and everyone had experience of walking on uncharted waters due to COVID19 impact. As Maya Angelou said, "Nothing can dim the light which shines from within." We have invested this time in building strong management team and created a strong base to grow. We have been in continuing discussions with many customers across business, old and new. We are happy to share that we regained the momentum in business in Q2 2020-21 and have built a good traction with some of these leading players in their respective industries.

This can be further evidenced from the new business confirmations that we have received. Our new business confirmations are spread across toys, home furnishing, pharma devices, pharma packaging, steel furniture and automotive.

- **Expansion of Capacity for Home furnishing Business**
 - Started construction of new Plastics plant at Halol new complex.
 - Plant to be operational in H1 FY22.
 - Confirmation for additional business of ₹ 120 cr received from Home Furnishing major.

MANAGEMENT DISCUSSION & ANALYSIS

- **Steel Furniture Business :**
 - 2 new SKU's confirmed for Steel furniture.
 - Trial production at Carbon Steel factory commenced during Q3 2020-21 and started with commercial production at Steel Furniture plant in December 2020.
 - Commercialised supply of 2 products.
- **Other Business:**
 - Toys Business:
 - o Expansion of Rania facility to meet new and existing projects of Toys.
 - o We have been awarded 3 projects with a leading toy manufacturer. Commercial supplies started from Q4 2020-21. Total business value US \$6Million/year.
 - o New projects confirmed across 2 customers. Total value US\$ 3.85 Million.
 - o Business facility to be operational by Q1 of 2021-22.
 - o 1 new product confirmed from customer; business value of US\$ 1.5 Million/year.
 - o Started production of 2 products for Global Toy Major, post its approval in Q4 2020-21.
 - o Ramp up in 2022-23.
- **Healthcare Business:**
 - We have finalised development & supply contract with a global pharma customer for supply of pens for US market.
 - Large supplies of CRC caps supplied to a large domestic pharma Company.
 - Development and supply contract for 2 rectal devices received.
 - Developed IP for 1 pen injector.
 - 2 new pen development projects concluded. This includes supplies to global companies.
 - Order for supply of CRC caps received.
- **Set up of a subsidiary in UK "Shaily UK Ltd."**
 - We have incorporated Shaily UK Ltd. in the UK with the sole purpose of creating leading technologies across business that can be licensed through our customers either directly or through product manufacture and supply.
 - We aim to work on creating IP and work faster on technological leading products across business through establishing this subsidiary.

- In the year ended 2020-21, we have spent very limited amount on the newly established subsidiary due to travel restrictions, execution has been delayed. We are hopeful to start with registration work in the coming fiscal and complete share subscription to make the same as wholly owned subsidiary of Shaily engineering in coming financial year.
- **Personal Care & FMCG Business**
 - o Consolidation of business with increase in volumes and addition of moulds from customer.
- **Automotive Business**
 - o 3 new projects awarded by global transportation company with 2 new insulator rod project confirmed for development.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS DURING 2020-21

The key financial ratios during 2020-21 vis-a-vis 2019-20 are as below :

Key Financial Ratios	As at 31 March 2021	As at 31 March 2020	Variance (%)
Debtors Turnover Ratio	5.19	5.51	5.82
Inventory Turnover Ratio	5.39	6.76	20.26
Interest Coverage Ratio	5.37	5.85	-8.14
Current Ratio	1.32	1.21	8.41
Debt Equity Ratio	1.09	0.78	-39.74
Operating Profit Margin (%)	17.11%	17.53%	-0.42
Return on Net Worth (%)	12.11%	14.80%	-2.69

Note : Debtors and Inventory Turnover ratio is considered in number of times.

STRENGTHENING OF BOARD :

Shaily's Board of Directors was further strengthened during the year by appointment of two new Independent Directors on the Board, namely, Dr. Shailesh Ayyangar and Mrs. Varsha Purandare, effective from 29 May 2020 which was approved by the members at the 40th Annual General Meeting of the Company.

Brief Profile of Dr. Shailesh Ayyangar :

Dr. Shailesh Ayyangar has a rich experience of over 3 decades in the Pharmaceutical industry. He was the Head of Sanofi in South Asia and former MD at Sanofi and MD at Sanofi Synthelabo India. Prior to Sanofi he held management positions at GlaxoSmithKline (GSK), India, SmithKline Beecham, UK, London and SmithKline Beecham, India. Dr. Ayyangar has also been a

MANAGEMENT DISCUSSION & ANALYSIS

part of a select CEO group formed to advise the Prime Minister's Office (PMO) in suggesting new policy framework to attract more FDI and create environment for ease of doing business. He has also been associated with multilateral agencies such as WHO and advocacy groups in US and European Union.

Brief profile of Mrs. Varsha Purandare :

Mrs. Varsha Purandare has a rich experience of over 3 decades in the Financial industry. She was the Managing Director and CEO at SBI Capital Markets Ltd. where she was in-charge of SBI Caps and its five subsidiaries. Prior to this, Mrs. Purandare was the Deputy Managing Director and Chief Credit and Risk Officer of State Bank of India, where she headed the highest Credit Committee and was in-charge of the overall credit function. Besides the above, she has also held several positions in State Bank of India, in India as well as abroad. Apart from Shaily's Board, she currently is an Independent Director on Boards of reputed Banks and Companies like Federal Bank Ltd., Tata Capital Ltd. and others.

STRONG CREDIT RATING :

CARE has upgraded Bank facilities of the Company to CARE A- for long term credit facilities and CARE A2+ with stable outlook.

Basis for the credit rating is :

- Long and established track record in the plastic injection molding business along with experienced Promoters.
- Growth in Total operating income on the back of increased volumes & higher exports.
- Sustainable healthy operating margin along with strengthening leverage and debt coverage indicators.
- New business confirmations from existing clients along with addition of marquee clients across diversified industries.
- Sustainable healthy operating margin along with strengthening leverage and debt coverage indicators

ANALYST & INVESTOR MEETS/CONFERENCE CALLS

The Company, hosts Earnings Call to discuss the financial, operational and business performance with Investors/Analysts, every quarter, after declaration of the results. Result presentations and transcripts of the earnings call held till date is available on the website of the Company at <https://shaily.com/investors/investor-presentation-updates>. The Company also participated in various Institutional Investor/Analyst meets virtually during the year. The details of the participation(s) are available on the website of the Company at www.shaily.com

QUALITY CERTIFICATIONS

The Company continues its focus on quality and strives to

exceed customer expectations at all times. SEPL is certified under various standards to meet client demands and enhance value delivery.

SEPL is accredited with the following certifications:

TUV Rheinland – ISO 9001:2015

Design, Development and manufacturing of Plastic Molded Components and Assemblies.

Automotive – TUV Rheinland – IATF 16949:2016

Manufacture of Plastic Molded components for interiors, seating systems, lightning systems, radiator tanks and guide bush for the automotive industry without product design and development.

Primary Packaging – TUV SUD - ISO 15378:2017 certification

Design, Development and Manufacturing of Plastic Moulded Components and assemblies used as Primary packaging material for Medicinal Products.

Medical Devices – TUV Rheinland – ISO 13485:2016

Manufacturing of Plastic molded components and assemblies used in Medical Devices.

MDSAP – Medical Devices Single Audit Program

Contract Design, Contract and Manufacturing of Re-usable and Disposable Pen Injectors, Rectal applicators, Dry Powder Inhalers, Vaginal Tablet Applicators, Plastic Bottle Applicator with Brush, Underarm Applicator and Vaginal speculum with LED illuminator for Drug Delivery and Medical Examination under ISO 13485:2016.

SOCIAL COMPLIANCE CERTIFICATION

The Company continues to be responsible for its social accountability policies. After due process of audit, SEPL has been accorded with Social Accountability certification as below :

SA 8000:2014 - Certification for organisation's Social Accountability Management System.

Responsible Business Alliance (RBA)

Audit in respect of compliance under Electronic Industries Code of Conduct (EICC/RBA version 6.0) and compliance with state, regional, national and international laws.

SECURITY CERTIFICATIONS

Shaily's business being a customer driven business is audited periodically based on internationally accepted standards. The Company continues to be accorded with high satisfactory global audit security certifications. Below are few global audits conducted across the Company's various facilities.

MANAGEMENT DISCUSSION & ANALYSIS

Intertek – Global Security Verification

Audit in respect of international supply chain security standards to secure trade, protection against terrorist acts and to combat illegal trafficking.

Authorised Economic Operator

Recognition & appreciation of company's commitment to secure the international supply chain and in compliance with the WOC's SAFE framework Authorised Economic Operator (AEO) programme under CBIC Circular Number 33/2016 dtd 22 July 2016.

RECOGNITIONS

The Company is also recognised by the Government with the following recognitions :

Recognition of In-house R & D Unit

Government recognised R & D facility, recognised by Department of Scientific Research and Industrial Research Technology Bhavan, New Delhi established under Ministry of Science and Technology.

Two Star Export House

The Company's 100% EOU Plant has been accorded with the status of two -Star Export House under provisions of Foreign Trade Policy 2015-20 by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry.

HUMAN RESOURCES :

With a total workforce of 1200+ employees, which includes staff, permanent employees and contract workers, the prime objective of Human Resource function is employee development. To achieve success and profitability, Company relies on its greatest assets – its intellectual capital. SEPL's culture fosters continuous learning. Inhouse trainings programmes for employees at all levels are conducted on a regular basis. New employees are educated about the Company with "Induction training". Under this programme, new recruits undergo an induction training by departmental heads, which offer a broad overview of the Company's varied functions, processes, strategy and growth objectives. This allows the new incumbent to fit seamlessly within the organisation structure, culture and environment.

Employee engagement initiatives

The Company periodically carries out various employee motivation and engagement activities which include various festival celebrations, birthday celebrations, sports and competition events.

Internal Control System

The Company has a system of Internal Controls over financial reporting ensuring the accuracy of the accounting system and related financial reporting. The Internal Control System adheres to local statutory requirements for orderly and efficient conduct of business. The efficacy of the internal checks and control systems are validated by Internal as well as Statutory Auditors. The Audit Committee reviews the adequacy and effectiveness of the Internal control systems, significant audit observations and monitors the sustainability of remedial measures.

OUTLOOK ON OPPORTUNITIES AS WELL AS THREAT, RISKS AND CONCERNS.

Consumer Business :

• Home Furnishing :

- We take pride in being supplier of choice for one of the world's most reputed & largest Swedish Home Furnishing Majors.
- With the Swedish Home Furnishing Major planning to expand its presence in the country, the Company stands to gain. Also, Home Furnishing's major's commitment to procure more and more domestically augurs well for us. We plan to further leverage our long standing relationship to drive incremental growth in our business with the client.
- We have set up a New plant at Halol for this project and expect to commercialise the order in Q2FY22. We have built the requisite capabilities for the new project and remain confident of delivering as per the expected standards.

• Toys Business :

- We successfully executed an order for this business for one of the top toys company globally.
- We foresee huge potential in this business and believe that it can become as large as our existing top customers in the years to come.

Pharma Business :

- Expansion of the generic market, technological advancement & strict government regulations for conventional packaging are major factors that are expected to drive growth in this business.
- Also, low competitive intensity due to higher compliance costs, longer gestation periods and zero tolerance towards any errors creates entry barriers for this business.

MANAGEMENT DISCUSSION & ANALYSIS

- The Company has built varied capabilities in this business ranging from Child resistant caps, to applicators to drug delivery devices, etc.

Steel Furniture Business :

- Our largest client, the Swedish Home furnishings major entrusted us with a new line of product into the Carbon Steel business. This indicates the confidence laid by them on our execution capabilities.

Other Business :

- In the automotive business, the Company has been successful to garner incremental business from existing global clients.

As the Indian as well as world economy continue to struggle to come out of Covid-19 pandemic impact, it is important to consider threats associated with Covid-19 impact.

- Delay in execution due to external factors out of company's control as well as adverse changes in the International business environment may impact business as company derives large portion of Revenues from Export Sales.
- While scaling up is expected, a lot depends upon various external factors. We have heavy reliance on export

markets and therefore how other countries are releasing and scaling up the economy will be guiding factor for us.

- Client concentration risk is high as a large portion of the total revenue is derived from a single client. We have been working to penetrate into new clients and been successful in doing so, thereby gradually reducing risk of high reliance on single client. With growth in Toy and Pharma Business, we will have this risk to be reduced over a period of time.
- Since we are into rapid and multiple expansion for this year too, we run the risk of overrun of cost as well as delay in start up / scaling up of the new plastic facility. The expansion is being taken at our existing Rania facility for Toy Business demand and so it is imperative that all expansions are controlled and focused for in time and within cost deliverables.
- The Company operates in contract manufacturing business as an OEM supplier, hence, business depends on customer requirements. Any fluctuation in the customer's demand can affect the Company's performance. We are also exposed to project risks due to delay in project implementation/cost escalation, risks on account of fluctuation in FX rates.

RISK MANAGEMENT:

As we transform our business and expand our product portfolio, understanding and managing our principal risks becomes more important than ever. We set out below the risks that are most material to our business and performance at this time. We also explain some of the mitigating actions that we believe help us to manage these risks.

Risks	Mitigation Strategies
Revenue growth: We are a B2B player and are dependent on the success of our customers products in end market. Also, exposed to global market forces, fluctuations in national economies, geopolitical uncertainty and natural crises, among others	We have diversified our business model. Presence across multiple business along with comprehensive range of product portfolio enables us to cater evolving customer requirements.
Labour and manpower availability: Production schedules gets impacted owing to challenges in terms of manpower availability	We have increased the mix of permanent labour and manpower in all our facilities. Further, we have hired technical manpower from ITI. Also, we have expansions happening in multiple locations (Rania and Halol Facilities) reducing our reliance for labour in one localities.
Raw material price volatility: Volatility in prices of raw materials can impact margins	We have a raw material price pass through arrangements with all our customers. The price pass through mechanism is varied across customers. With reputed customers with streamlined process, the pass through process of price revision is transparent and easier to execute.

For and on behalf of the Board of Directors

Mahendra Sanghvi
Executive Chairman
DIN : 00084162

Vadodara
29 May 2021

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 41st Annual Report together with the Audited statement of Accounts for the year ended on 31 March 2021.

OPERATIONS AND STATE OF AFFAIRS OF THE COMPANY :

	(₹ in lacs)	
Particulars	2020-21	2019-20
Total Income	36,317.71	33,703.30
Gross Operating Profit (Profit before Interest, Depreciation & Tax)	6,213.77	5,908.99
Finance Cost	1,272.82	1,049.90
Depreciation & amortization expense	1,952.60	1,789.32
Profit before Tax	2,988.35	3,069.77
Provision for Tax	786.27	710.75
Profit after Tax	2,202.08	2,359.02
Other Comprehensive Income	46.29	(34.62)
Total Comprehensive Income	2,248.37	2,324.40

The above figures are extracted from the financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as specified in the Companies (Indian Accounting Standard) Rules, 2015, as amended in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

APPROPRIATIONS

● Transfer to Reserves

The Company does not propose to transfer amounts to any reserve(s) out of the amount available for appropriation.

● Dividend

The Company is expanding its facilities and re-investing cash accruals for the same. In view of the same, the Company has decided not to pay any dividends for the current year.

In view of the same, your Directors do not recommend dividend for this financial year.

The Register of Members and Share Transfer Books will remain closed from Monday, 6 September 2021 to Tuesday, 14 September, 2021 (both days inclusive) for the purpose of 41st Annual General Meeting ("AGM") scheduled to be held on Tuesday, 14 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis is set out in this Annual report. Certain statements in the said report may be forward looking. Many factors may affect actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure A**.

DIRECTORS & KEY MANAGERIAL PERSONNEL

a. Appointment of Independent Directors

The Board of Directors of the Company was further strengthened during the year by appointment of two new Independent Directors on the Board, namely, Dr. Shailesh Ayyangar and Mrs. Varsha Purandare, effective from 29 May 2020 which was approved by the members at the 40th Annual General Meeting of the Company.

b. Retirement by Rotation

As per the provisions of the Companies Act, 2013, Mrs. Tilottama Sanghvi, Whole Time Director, (DIN : 00190481), retires by rotation at the forthcoming 41st Annual General Meeting of the Company and being eligible, seeks re-appointment. The Board recommends her re-appointment.

c. Resignation of Mr. Jiten Mathuria, Independent Director

Mr. Jiten Mathuria tendered his resignation effective from close of business hours on 06 August 2020.

BOARD'S REPORT

d. Conclusion of tenure of Mr. Sarup Chowdhary Independent Director

Second term of Mr. Sarup Chowdhary, Independent Director, concluded at the close of 40th Annual General Meeting of the Company, held on 26 September 2020.

e. Resignation of Mr. Anil Kalra as Chief Executive Officer

Mr. Anil Kalra was appointed as Chief Executive Officer, effective from 1 June 2020. He tendered his resignation as a Chief Executive Officer of the Company effective from close of business hours on 30 May 2021.

KEY MANAGERIAL PERSONNEL

Mr. Mahendra Sanghvi, Executive Chairman, Mr. Laxman Sanghvi, Executive Director, Ms. Tilottama Sanghvi, Whole Time Director, Mr. Amit Sanghvi, Managing Director, Mr. Anil Kalra, Chief Executive Officer, Mr. Chintan Shah, Chief Financial Officer and Ms. Preeti Sheth, Asst. Company Secretary & Compliance Officer are Key Managerial Personnel of the Company as on 31 March 2021, in accordance with Companies Act, 2013.

Mr. Anil Kalra tendered his resignation as a Chief Executive Officer, effective from close of business hours on 30 May 2021.

MEETINGS OF BOARD

The Board met Four (4) times during the financial year. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

POLICY ON NOMINATION & REMUNERATION

The existing policy is to have an appropriate mix of Executive and Independent directors to maintain independence of the Board and separate its functions of governance and management. As of 31 March 2021, the Board had 8 members, 4 of whom are Executive directors and 4 are Independent directors. The Board has two Woman Directors, out of which one Woman Director is an Executive Director and one Woman Director is an Independent Director.

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, in accordance with SEBI (Listing Obligations and Disclosure Requirements), 2015, is available on our website at <https://shaily.com/investors/corporate-governance>.

Salient features of the Nomination & Remuneration Policy are as under :

1. Setting out the objectives of the Policy
2. Definitions for the purpose of the Policy
3. Policy for appointment and removal of Director, Key Managerial Personnel and Senior Management.
4. Policy relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees.
5. Remuneration to Non-Executive/Independent Directors.

We affirm that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration policy of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company have given the declaration to the Company that they meet the criteria of independence as required under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

Your Board of Directors confirm the integrity, expertise and experience (including the proficiency) of the Independent Directors of the Company.

FAMILIARIZATION PROGRAMME

All new Independent Directors inducted into the Board attended an orientation program. At the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on our website at <https://shaily.com/investors/corporate-governance>

The Board members are provided with necessary reports, internal policies, periodical plant visits to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the meetings of the Board and the committees, on business and performance updates, global business environment, business strategy and risks involved.

The details of familiarization programme for Independent Directors are available at our website. at <https://shaily.com/investors/corporate-governance>

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the Board, its Committees and of individual

BOARD'S REPORT

directors on an evaluation framework by way of individual and collective feedback from the Directors.

The framework includes evaluation of Directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision – making
- Company performance and strategy
- Tracking board and committee's effectiveness
- Peer evaluation

The outcome of Board Evaluation for F.Y. 2020-21 was discussed by the Nomination and Remuneration committee and the Board in their meetings held on 29 May 2021.

COMMITTEES OF THE BOARD

The Board has four committees, namely;

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

A detailed note on the composition of the Board, its committees is provided in the Corporate Governance Report.

CORPORATE GOVERNANCE

The Company believes in adopting best practices of corporate governance. Corporate governance principles are enshrined in the spirit of the Company, forming its core values. These guiding principles are also articulated through the Company's code of business conduct, corporate governance guidelines, charter of various sub-committees and disclosure policy.

Report on Corporate Governance for 2020-21 forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being an Indian company, we are motivated by the Indian ethos of Dharma as a key plank for organizational self-realization. The Company recognizes that its operations impact a wide community of stakeholders, including investors, employees, customers, business associates and local communities and that appropriate attention to the fulfillment of its corporate responsibilities can enhance overall performance. The Company continues its spend to support to local initiatives health/ medical, education and sanitation/ cleanliness, as Corporate Social Responsibility initiatives.

Report on CSR activities undertaken by the Company during the Financial Year 2020-21 covered in separate report on CSR, annexed as **Annexure B**.

ANNUAL RETURN

A copy of Annual Return as required under Section 92(3) and Section 134(3)(a) of the Act has been placed on the Company's website at <https://shaily.com/investors/corporate-governance>.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure C**.

A statement showing the names and particulars of the employees falling within the purview of Rule 5(2) of the aforesaid rules are provided in the Annual Report. The Annual Report is being sent to the members of the Company excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company during working hours and the same will be furnished on request in writing to the members.

AUDIT REPORTS AND AUDITORS

Audit Reports

- The Independent Auditors' Report for 2020-21 does not contain any qualification, reservation or adverse remark. The Independent Auditors' Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors' Report for the 2020-21 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed as **Annexure D** to the Board's Report in this Annual Report.
- As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors' certificate on Corporate governance is enclosed with the Corporate Governance Report in this Annual Report. The auditors' certification for 2020-21 does not contain any qualification, reservation or adverse remark.
- The Company has obtained Certificate from M/s Samdani Shah & Co., Company Secretaries, Vadodara and Secretarial Auditors of the Company for Directors Disqualification, which is enclosed with the Report on Corporate Governance in this Annual Report. None of the Directors are disqualified.

BOARD'S REPORT

Reporting of fraud by auditors

During the financial year 2020-21, neither of the auditors viz., Statutory Auditors, Secretarial & Corporate Governance Auditors, Internal Auditors and Cost Auditors have reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

AUDITORS

Statutory Auditors

M/s B S R & Associates LLP, Chartered Accountants (Firm Registration number 116231W/W-100024) are the Statutory Auditors of the Company till the conclusion of the 43rd AGM of the Company to be held in the year 2023.

Details of fees paid to the Statutory Auditors for all service provided by the Statutory Auditor for the 2020-21, forms part of the Corporate Governance Report and financials of the Company, included in this Annual Report.

Secretarial & Corporate Governance Auditors

The Board has appointed M/s Samdani Shah & Kabra, Company Secretaries, as Secretarial & Corporate Governance Auditors of the Company for 2021-22, in terms with Section 204 of the Companies Act, 2013 with rules made thereunder.

Cost Auditors

M/s Y.S. Thakar & Co., Cost Accountants, Vadodara are appointed as Cost Auditors of the Company to conduct audit of cost records of the Company for 2021-22.

Based upon the declaration on their eligibility, consent and terms of engagement, the Board has appointed them and recommend the ratification of remuneration to be paid to the Cost Auditors for 2021-22.

Maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, is required by the Company and accordingly such accounts & records are prepared and maintained.

Internal Auditors

The Board has appointed M/s Shah Jain & Hindocha, Chartered Accountants, based at Vadodara, Gujarat as Internal Auditors of the Company for 2021-22.

BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, under Regulation 34 prescribes that top 1000 listed entities, based on market capitalization, calculated as on March 31 of every financial year, shall include Business Responsibility Report describing the initiatives taken by the

Company from an environmental, social and governance perspective, in the format as specified by the Board from time to time.

The Company falls within the aforesaid criteria for the financial year 2020-21.

The Board in its meeting held on 29 May 2021, has adopted a Policy on Business Responsibility Reporting which is available on the website of the Company at <https://shaily.com/investors/corporate-governance>.

Report on Business Responsibility, in the format as prescribed by the Securities and Exchange Board of India, forms part of this Annual Report at **Annexure – E**.

RISK MANAGEMENT

The Company has a mechanism in place to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

VIGIL MECHANISM

The Company has a well-defined "Whistle Blower Policy" and has established a robust Vigil Mechanism for reporting of concerns raised by employees and to provide for adequate safeguards against victimization of Directors and employees who follow such mechanism and has also made provision for direct access to the Chairman of Audit Committee in appropriate cases.

The Vigil Mechanism Policy of the Company is available on the Company's website at <https://shaily.com/investors/corporate-governance>

INTERNAL FINANCIAL CONTROL & ITS ADEQUACY

The Company's internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organization's pace of growth and increasing complexity of operations. The internal auditors team carries out extensive audits throughout the year across all plants and functional areas and submits its reports to the Audit Committee of the Board of Directors.

CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis. During the year, the Company has not entered into any contract(s)/arrangement(s)/transaction(s) with related parties which could be considered material.

BOARD'S REPORT

The Directors draw attention to the members to Note No 33 to the financial statement in this Annual Report, which sets out related party disclosures.

Policy for Related Party Transactions is available on the Company's website at <https://shaily.com/investors/corporate-governance>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loan, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

DEPOSITS

The Company has not accepted deposits from the public falling within the ambit of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Therefore, requirement of applicable law and regulations for default in repayment of deposits or interest thereon on unclaimed deposits is not applicable.

SECRETARIAL STANDARDS

The Company complies with all the applicable secretarial standards.

OBLIGATION OF COMPANY UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company. The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (named as POSH Committee - Prevention of Sexual Harassment Committee) is in place to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Listing of shares

The Equity shares of the Company are listed on the BSE Ltd. (BSE) with Scrip code 501423 and Scrip ID - SHAILY. The Company confirms that the annual listing fees to the stock exchange for 2021-22 has been paid.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31 March 2021. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Significant/material orders passed by Regulators/courts/tribunal

There are no significant and material orders passed by the Regulators or Courts or Tribunals that may impact the going concern status of the Company's operations in future.

Green Initiative

Electronic copies of the Annual Report 2020-21 and the Notice of the 41st Annual General Meeting are being sent to all members whose email addresses are registered with the Company/depository participant(s).

The regulatory authorities i.e. the Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI"), in the wake of COVID-19 pandemic and measures to contain it, MCA vide its General Circular No. 02/2021 dated 13 January 2021 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, in continuation of earlier circulars/notifications passed in this regard, allowed all the listed entities to send digital copies of the Annual Report and Notice of the Annual General Meeting to the shareholders.

It is hereby requested to all the shareholders to kindly update your email id with your depository participant to ensure timely receipt of information.

41ST ANNUAL GENERAL MEETING

In order to contain the spread of COVID-19 pandemic and safety precautions to be exercised, the Ministry of Corporate Affairs MCA vide its General Circular No. 02/2021 dated 13 January 2021 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, continued to allow companies to hold General Meetings through Video Conferencing facility or through any other audio visual means.

This is a welcome move by the Ministry.

Hence, this year, the Company has decided to hold its 41st Annual General Meeting through Video Conference, to facilitate members to attend the Annual General Meeting,

Details of the meeting and the facility is detailed in the Notice of the 41st Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Companies Act, 2013, the Directors confirm that ;

BOARD'S REPORT

- (i) in preparation of the annual accounts for the financial year ended 31 March 2021, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- (ii) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss of the Company for that period;
- (iii) They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis;
- (v) They have laid down internal financial controls, which are adequate and are operating effectively; and
- (vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

We thank our customers, vendors, investors, bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth is made possible by their hard work, solidarity, cooperation and support.

We also thank our suppliers, customers, business partners and others associated with the Company. We look upon them as partners in its progress. It will be Company's endeavor to build and nurture strong links with the trade based on mutuality of benefits, respect to and co-operation with each other, consistent with consumer interests and looks upon all the stakeholders for their continued support in future.

For and on behalf of the Board of Directors

Mahendra Sanghvi
Executive Chairman

Vadodara
29 May 2021

ANNEXURE A

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts), Rules, 2014 pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo:

Shaily is committed to transform energy conservation into a strategic business goal alongwith technological sustainable development of Energy Management System. The Company constantly endeavours to reduce energy consumption in all its operations.

Shaily has in its credit an in-house Research & Development accreditation recognised by the Department of Scientific & Industrial Research Technology, New Delhi, Ministry of Science & Technology.

(A) CONSERVATION OF ENERGY

The Company has considered sustainability as one of the strategic priority across all process. We have been consciously making efforts year on year towards improving the energy performance. Energy efficient improvement techniques are implemented across all the plants and offices.

(i) Steps taken or impact on conservation of energy :

- The Company has installed a number of devices in its plants for conservation/reducing the energy requirements.
- CFL bulbs being replaced with LED lightning with less energy consumption.
- Monitoring of energy parameters viz., maximum demand, power factor, load factor, TOD tariff utilisation on regular basis.
- Upgradation of transformer to OLTC base which reduces power loss, consumes lesser energy with reduced maintenance cost and increase in load capacity.
- Use of higher cavitation moulds which can provide same output with lesser energy consumption.
- Use of "Stack moulds" which produces different components of the same product at a single time in a single machine, which were earlier manufactured in different machines. This resulted into higher machine utilisation rate, reduction in cycle time, enhanced production and better efficient usage of energy.
- Installation of pneumatic auto shut-off valves in in-let pipes at moulding area, thereby achieving reduction in idle time power losses.
- Replacement of individual portable chillers with Centralised chilling plant for moulding shop floors, thereby achieving reduction in overall power consumption.

- Periodical conduct of safety audits to ensure efficiency of safety measures adopted across all facilities.
- Installation of Softner plant for cooling tower, thereby reducing wastage of RO water.
- Use of Individual lights at respective desks to switch off when not in use, thereby reducing power consumption.
- Installation of Capacitor bank to maintain power factor 0.98-0.99, thereby reduction in overall power consumption.
- Use of occupancy sensor in Corridor and Washroom.

(ii) Steps taken for utilizing alternate sources of energy

- Company has adopted "rain water harvesting system". This system provide valuable assistance in collection & storage of rain water for varied end application requirements.

(iii) Capital investment on energy conservation equipments :

The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption. The Company has installed such energy efficient machinery and devices to improve the power factor.

(B) TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption:

Research and Development:

- The Company has developed and manufactured several dies and moulds and has also developed several plastic components, which were earlier imported. The activities in development are carried out by technicians and the expenditure thereon, is debited to the respective heads.

ANNEXURE A

- Development of new design, processes and products from conceptualisation to manufacture, for some customers.
- Development of complex designs for components of medical devices.
- Successful in conversion of products manufactured from virgin material to recycled and bioplastics material.
- Development and set up of assembly machine and assembly line for injector pens to detect manual errors, thereby increase in productivity.
- Installation of “Harmonic Arresters” in electrical circuits, which reduces damages due to electricity fluctuations, thereby reduction in repairs & maintenance and overall power consumption.

Technology absorption, adaption and innovation:

- The Company has manufactured varied plastic components of international standard/quality, which are import substitutes for diverse applications. Kaizen and Lean Sigma forms a significant part of our strategy, resulting in improvement across business landscape.
- Use of Robotics in the production process, yielding into reduced cycle time, improvement in productivity and process efficiencies.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution :

- Continuous upgradation and adoption of new technology for better productivity and yield.

- Company has through its own research and development activities, developed several dies and moulds; which serves as an import substitution.
- Such varied plastic components of international standard/quality, are import substitutes for diverse applications.
- Improved performance of machines and its utilisation.
- Enhanced global presence/visibility.

(iii) Information regarding technology imported, during last 3 years : Nil

(iv) Expenditure incurred on Research & Development:

During the year, the expenditure incurred on R&D had been ₹ 446.95 lacs/-

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues to keep its focus on widening of new geographical area to augment its exports. We have in the past, participated in major overseas exhibitions, which have been very helpful in improving visibility of the services/products, we offer, in the International Market.

Foreign exchange earned on terms of actual inflows during the financial year 2020-21 was ₹ 263.81 Cr.

Foreign exchange outgo of actual outflows during the financial year 2020-21 was ₹ 117.93 Cr.

For and on behalf of the Board of Directors

Vadodara
29 May 2021

Mahendra Sanghvi
Executive Chairman

ANNEXURE B

Annual Report on CSR Activities to be included in the Board's Report

1. A brief outline of the Company's CSR Policy :

CSR is not a mere philanthropic activity but also comprises of activities that require a company to integrate social, environmental and ethical concerns into the company's vision and mission through such activities. Shaily's vision is to create value for the nation, enhance quality of life across the entire socio-economic spectrum and build an inclusive India. We constantly strive to contribute in humble ways to the motto "May Everyone be Happy" and take up the cause of welfare amongst communities in which we operate.

The Company's CSR Policy provides for carrying out CSR activities as prescribed under Schedule VII to the Companies Act, 2013, through various "Not for profit" organisations (NGO's) as well as through direct channel.

2. Meetings held during the year :

There was one meeting of CSR Committee held during the year on Friday, 29 May 2020.

3. Composition of CSR Committee :

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of CSR Committee meeting eligible to attend and attended during the year
1	Ranjit Singh	Chairman - Independent Director (w.e.f. 10 August 2020)	0/0
2	Jiten Mathuria	Chairman (upto 7 August 2020) - Independent Director	1/1
3	Laxman Sanghvi	Member - Executive Director	1/1
4	Tilottama Sanghvi	Member - Whole Time Director	1/1

Note :

Mr. Jiten Mathuria resigned as an Independent Director from the Company effective from 7 August 2020. Pursuant to his resignation, CSR committee of the Company was re-constituted effective from 10 August 2020, wherein the Board appointed Mr. Ranjit Singh, Independent Director as Chairman of the CSR Committee effective from 10 August 2020. There was only one meeting of the CSR Committee held during the year on 29 May 2020. Mr. Ranjit Singh was not

eligible to attend the said meeting on the given date, as he was neither a Chairman or Member of the Committee on that date. However, as on the date of the report, Mr. Ranjit Singh, is the Chairman of the CSR Committee, it is being reported under the given requirement.

4. Weblink where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Company are disclosed on the website of the Company.

a. Weblink of Composition of CSR Committee :

<https://www.shaily.com/investors/committees-of-boards-key-officials>

b. Weblink of CSR Policy:

<https://www.shaily.com/investors/corporate-governance>

c. Weblink of CSR Projects of the Company :

<https://www.shaily.com/investors/corporate-governance>

5. Details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

As per the referred rule, if the Company has an average CSR obligation of ₹ 10 crore or more in immediately three preceding years, Impact Assessment Report is required for those CSR projects which have an outlay of ₹ 1 Cr or more. The CSR projects of the Company, as approved by the CSR Committee and the Board of Directors, does not have an outlay of ₹ One Cr or more, hence, the criteria for obtaining Impact Assessment Report is not applicable.

6. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

During the financial year 2020-21, there is no amount that is available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, hence details required to be reported is not applicable for the financial year ended on 31 March 2021.

7. Average Net Profit of the Company for the last three financial years as per Section 135(5) :

The average net profit of the Company for the last three financial years is ₹ 31,62,60,308/-

ANNEXURE B

8. Details of CSR Obligations :

(a)	Prescribed CSR Expenditure (two % of the amount as in item 7 above)	:	₹ 63,25,206/-
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	:	Nil
(c)	Amount required to be set off for the financial year, if any	:	Nil
(d)	Total CSR obligation for the financial year (8a+8b+8c)	:	₹ 63,25,206/-

9. (a) Details of CSR spent or unspent for the financial year

Amount Unspent (In ₹)

Total Amount Spent for the Financial Year (In ₹)	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 62,44,802/-	₹ 80,404/-				

*The Company is in process of transfer of unspent CSR amount for the financial year 2020-21 to funds specified under Schedule VII of the Act read with the Companies (Corporate Social Responsibility) Policy Rules, 2014.

(b) Details of CSR Amount spent against ongoing projects for the financial year :

Nil. There are no ongoing projects as defined under sub rule (i) of Rule 2 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for the financial year 2020-21.

(c) Details of CSR Amount spent against other than ongoing projects for the financial year :

Sr. No.	Name of the CSR Project	Sector in which the project is covered i.e. Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of project/program		Amount spent for the project (In ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing agency	
				State	District			Name	CSR Registration number
1	Donation to 'Prime Minister Cares Donation- (PM Cares Fund)' towards combating, and containment and relief efforts against the coronavirus outbreak and similar pandemic like situations.	Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	No	India	India	2,000,000	Yes	Direct	Not applicable
2	Non-Contact Infrared Thermometer(Qty.50) were donated to fight against COVID-19 pandemic and also Lunch/ Dinner sets(Qty.500) were provided for the purpose of distribution to Urban Homeless Community of Vadodara Municipal Corporation on 28 April 2020.	Medical purpose	Yes	Gujarat	Vadodara	244,850	Yes	Direct	Not applicable

ANNEXURE B

Sr. No.	Name of the CSR Project	Sector in which the project is covered i.e. Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of project/program		Amount spent for the project (In ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing agency	
				State	District			Name	CSR Registration number
3	Kits of grocery items were donated to 250 needy families of nearby villages Rania & Prathampura, Savli on 11 May 2020.	Eradicating Hunger/ malnutrition	Yes	Gujarat	Vadodara	106,300	Yes	Direct	Not applicable
5	Kits of grocery items were distributed through Vikas Jyot Trust, Vadodara to 50 street children on 14 May 2020.	Eradicating Hunger/ malnutrition	Yes	Gujarat	Vadodara	12,500	Yes	Direct	Not applicable
6	Meal facility was provided to Bhadarwa Police Staff, Savli during COVID-19 pandemic lockdown April & May, 2020.	Healthcare	Yes	Gujarat	Vadodara	14,509	Yes	Direct	Not applicable
7	The street dogs were provided food during COVID-19 pandemic lockdown April & May, 2020, June to December 2020	Animal welfare	Yes	Gujarat	Vadodara	181,643	Yes	Direct	Not applicable
8	Kits of grocery items were donated to needy families of nearby villages Chandrapura, Halol on 17 July 2020.	Eradicating Hunger/ malnutrition	Yes	Gujarat	Panchmahal	10,000	Yes	Direct	Not applicable
9	Donation to 'Shree Kutch Mandvi Gurjar Jain Mandal' towards rural Development project.	Rural Development	No	Gujarat	Kutch	200,000	Yes	Direct	Not applicable
11	Donation to 'Menaba Charitable Trust' towards education and shelter to underprivileged GIRLS of Socially and Economically weaker section of the Society. Their disabilities include Polio, Blindness, Muteness (Hearing/ Speaking loss), Ltd. Intellectual or Emotional developments and even financial challenges.	Healthcare & Education	No	Gujarat	Gandhinagar	100,000	Yes	Direct	Not applicable
12	Donation to 'Shree LHH and JMT Sarvajani Girls High School Kedavni Trust-Chhotaudepur' towards education to underprivileged GIRLS.	Healthcare & Education	No	Gujarat	Chhotaudaipur	100,000	Yes	Direct	Not applicable

ANNEXURE B

Sr. No.	Name of the CSR Project	Sector in which the project is covered i.e. Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of project/program		Amount spent for the project (In ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing agency	
				State	District			Name	CSR Registration number
13	Our CSR fund of has been allocated through 'Shree Hari Sat Sang Samiti-Mumbai' towards welfare of underprivileged tribal people.	Rural Development	No	Maharashtra	Mumbai	100,000	Yes	Direct	Not applicable
14	Donation to 'Vikas Jyot Trust' towards Street children project for promoting education.	Education	Yes	Gujarat	Vadodara	25,000	Yes	Direct	Not applicable
15	Donation to 'Shri Jagatbharti Education & Charitable Trust' towards vocational training for reaching to unreached project.	Education	No	Gujarat	Surendranagar	1,350,000	Yes	Direct	Not applicable
17	Donation to 'Baroda Young Turks Round Table#201 Charitable Trust' towards school class room project.	Education	Yes	Gujarat	Vadodara	500,000	Yes	Direct	Not applicable
18	Donation to 'Shri Jagatbharti Education & Charitable Trust' towards vocational training for reaching to unreached project.	Education	No	Gujarat	Surendranagar	1,300,000	Yes	Direct	Not applicable
Total						6,244,802			

(d) Amount spent in Administrative Overheads : ₹ 1300/-

(e) Amount spent on Impact Assessment, if applicable : Not Applicable

(f) Total Amount spent for the financial year (9a+9b+9c) : 62,44,802/-

(g) Excess amount for set off, if any : Not applicable

Sr. No.	Particular	Amount (in ₹)
(i)	Two % of average net profit of the Company as per Section 135(5)	63,25,206
(ii)	Total amount spent for the Financial Year	62,44,802
(iii)	Excess amount spent for the Financial year (ii-i)	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii) - (iv)]	Not Applicable

ANNEXURE B

10. (a) Details of Unspent CSR Amount for the preceding three financial years :

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (In ₹)	Amount spent in the reporting Financial Year (In ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years (In ₹)
				Name of the Fund	Amount	Date of transfer	
1	2017-18	N.A.	Nil	Not Applicable			-
2	2018-19	N.A.	Nil	Not Applicable			-
3	2019-20	N.A.	Nil	Not Applicable			-

Note : The Ministry of Corporate Affairs vide Notification No. G.S.R. 40(E) dated 22 January 2021, amended the Corporate Social Responsibility Policy Rules, 2014. As per the amended rule 9 sub-rule 10, it is mandated to transfer unspent CSR amount for a financial year to a funds specified under Schedule VII of the Companies Act, 2013. Prior to such amendment, no such requirement was prescribed, hence, the Company has not transferred unspent CSR amount, if any, of previous three financial years to funds specified under Schedule VII. Explanations for the same has been provided for in CSR Report(s) of respective financial years.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) :

Nil. There are no ongoing projects as defined under sub rule (i) of Rule 2 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for preceding financial year(s).

11. In case of creation or acquisition of capital, furnish details relating to the asset so created or acquired through CSR spent in the financial year (asset wise details)

- Date of creation or acquisition of the capital asset(s) : Not applicable
- Amount of CSR spent for creation or acquisition of capital asset : Not applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc : Not applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : Not applicable

12. Reason(s), if the Company has failed to spend two % of the average net profit as per Section 135(5) :

The unspent amount of ₹ ₹ 80,404/- will be transferred to funds specified under Schedule VII of the Companies Act, 2013 in due course.

Vadodara
29 May 2021

Mahendra Sanghvi
Executive Chairman

Ranjit Singh
Chairman – CSR Committee

ANNEXURE C

As per the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to disclose following information in the Board's Report :

1. **Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 :**

Name of Director	Designation	Ratio to Employees
Mr. Mahendra Sanghvi	Executive Chairman	54.56:1
Mr. Laxman Sanghvi	Executive Director	31.37:1
Tilottama Sanghvi	Whole Time Director	27.28:1
Amit Sanghvi	Managing Director	54.56:1

2. **Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year 2020-21 :**

Name	Designation	% Increase/ (Decrease)
Mahendra Sanghvi	Executive Chairman	0
Laxman Sanghvi	Executive Director	0
Tilottama Sanghvi	Whole Time Director	100
Amit Sanghvi	Managing Director	0
Anil Kalra	Chief Executive Officer	0
Chintan Shah	Chief Financial Officer	12
Preeti Sheth	Asst. Company Secretary	-33

3. **Percentage increase in median remuneration of employees in the financial year 2020-21 :**

The median remuneration of employees was increased by 3.31% during the Financial Year 2020-21.

Number of permanent employees on the roll of the Company :

Staff :	596
Permanent Workers :	762 (On roll workers)

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :**

Non - Managerial Personnel :	81.75%
Managerial Personnel (excluding Directors):	08.90%
Total = 90.65%	

There are no exceptional circumstances for increase in the managerial remuneration.

5. **Affirmation**

We affirm that the remuneration paid to the Managerial and Non-Managerial personnel is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Vadodara
29 May 2021

Mahendra Sanghvi
Executive Chairman

ANNEXURE D

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31 March 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015]

The Members,

Shaily Engineering Plastics Ltd.

Survey No. 364/366, At & PO. Rania,
Taluka – Savli, Vadodara – 391 780, Gujarat, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shaily Engineering Plastics Ltd.** ("Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the Financial Year ended on 31 March 2021 ("period under review"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the period under review, according to the provisions of:

- i. Companies Act, 2013 ("Act") and the rules made thereunder;
- ii. Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. SEBI (Prohibition of Insider Trading) Regulations, 2015;
- c. SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- d. SEBI (Depositories and Participants) Regulations, 2018.
- e. SEBI (Share Based Employee Benefits) Regulations, 2014, however, the same were not applicable;
- f. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, however, the same were not applicable;
- g. SEBI (Issue and Listing of Debt Securities) Regulations, 2008, however, the same were not applicable;
- h. SEBI (Delisting of Equity Shares) Regulations, 2009, however, the same were not applicable;
- i. SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, however, the same were not applicable;
- j. SEBI (Buy-back of Securities) Regulations, 2018, however, the same were not applicable.

We have also examined compliance with the applicable Clauses / Regulations of the following:-

- i. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- ii. Listing Agreement entered into by the Company with BSE Ltd. read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that;

- A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

ANNEXURE D

- B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance or at shorter notice with the consent of majority of Directors including Independent Director(s) and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;
- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable Laws, Rules, Regulations and Guidelines;
- E. During the period under review, there were no specific instances / actions in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc., having major bearing on the Company's affairs.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

PR#: 1079/2021

FCS No. 3677; CP No. 2863

UDIN : F003677C00389801

Place: Vadodara

Date: 29 May 2021

Note: SEBI means Securities and Exchange Board of India

This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.

APPENDIX A

The Members,

Shaily Engineering Plastics Ltd.

Survey No. 364/366, At & PO. Rania,

Taluka – Savli, Vadodara – 391 780, Gujarat, India.

Our Secretarial Audit Report of even date is to be read along with this letter, that:

- i. Maintenance of secretarial records and compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii. We have conducted the Secretarial Audit for the period under review, partially through virtual verification of documents, records, etc., as made available to us by the Company, due to the Covid-19 pandemic situation.
- iv. Wherever required, we have obtained the management representations about the Compliance of Laws, Rules and Regulations, happening of events, etc.
- v. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

PR#: 1079/2021

FCS No. 3677; CP No. 2863

UDIN : F003677C00389801

Place: Vadodara

Date: 29 May 2021

ANNEXURE E

BUSINESS RESPONSIBILITY REPORT

In terms with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SECTION A : GENERAL INFORMATION OF THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L51900GJ1980PLC065554
2	Name of the Company	Shaily Engineering Plastics Ltd.
3	Registered address	Survey No. 364/366, At. & Po. Rania - 391780, Ta. Savli, Dist. Vadodara, Gujarat, India
4	Website	www.shaily.com
5	E-mail id	secretarial@shaily.com
6	Financial Year reported	1 April 2020 to 31 March 2021
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Customised components of plastic and other materials
8	List three key products/services that the Company manufactures/provides	Manufacture and sale of Injection Moulded Plastic Components for sectors : Consumer Healthcare Automotive FMCG Personal Care
9	Total number of locations where business activity is undertaken by the Company	https://www.shaily.com
10	Markets served by the Company	In addition to the Indian Market, the Company exports to around 35 countries worldwide

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 8,31,84,300/-
2	Total Turnover (INR)	₹ 36,317.17 lacs
3	Total profit after taxes (INR)	₹ 2202.08 lacs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of net profit before tax of preceding three financial years. Refer Annexure - A of the Board's Report
5	List of activities in which expenditure in 4 above has been incurred:-	Refer Annexure - A of the Board's Report

SECTION C : OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?	No
Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes. More than 60%

ANNEXURE E

SECTION D : BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for Business Responsibility (BR)

- a. Details of the Director/Directors responsible for implementation of the BR policy/policies

1	DIN Number	00022444
2	Name	Amit Sanghvi
3	Designation	Managing Director

- b. Details of BR Head :

1	DIN Number (if applicable)	N.A.
2	Name	Kiran Pradhan
3	Designation	Manager – Human Resources
4	Telephone Number	91 2667 244307
5	Email id	hr@shaily.com

2. Principle wise (as per NVGs) BR Policy/Policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of Compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	¹ Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	No	No	No	No	No	No	No	No	No
6	² Indicate the link for the policy to be viewed online?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	Does the Company have in-house structure to implement the policy/ policies.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

ANNEXURE E

- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) : The Company is in the process to form an internal formal committee to oversee the implementation of the BR policy. The Company however, has in place the following committees as a part of Sustainability initiatives undertaken by the Company viz., Works committee, Environment, Health & Safety (EHS) Committee, Canteen Committee, POSH (Prevention of Sexual Harassment) Committee.

3. Governance related to BR

a	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annual
b	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This is the first year of adoption of BR Report by the Company. Company will publish BR Report on the website of the Company at www.shaily.com . BR Report will be published annually.

SECTION E : PRINCIPLE WISE PERFORMANCE

Principle 1 : Ethics, Transparency and Accountability

1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	At Shaily, we have adopted the Code of Conduct for Board of Directors and Senior Managerial Personnel, in which we have laid down principles as per various applicable laws, rules and regulations. We have also formed and adopted Whistler Blower Policy for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct. Company has an internal policy relating to ethics, bribery and corruption. The policy extends to suppliers/sub-suppliers.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so	The term stakeholder includes our investors, suppliers, vendors, partners, government and local community. Our company have not received any complaint in this regards from any of our business associates during the year. The Company has not received any investor complaints during the Financial Year 2020-21.

Principle 2 : Product sustainability

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	We have been Successful in converting products manufactured from virgin materials to both recycled plastics and bioplastics under our Home Furnishing business vertical.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? thereof, in about 50 words or so	We have implemented and installed energy efficient instruments and processes across the plants resulting into conservation of energy and water. Some of the initiative includes installation of OLTC Based Transformers, installation of Softner plant for cooling tower & AHU, Installation of VFD type air compressors, chiller line insulation and cooling tower automation, continuous cleaning and painting of pipelines & Valves for rust removal.

ANNEXURE E

3	<p>Does the Company have procedures in place for sustainable sourcing (including transportation)?</p> <p>(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>The Company has formulated an operating procedure to approve vendors. Materials are procured from approved vendors both, national and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials. The Company has longstanding business relations with regular vendors. The Company enters into annual freight contracts with leading transporters for movement of materials. The Company continues to receive sustained support from its vendors.</p>
4	<p>Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?</p> <p>(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>Shaily has always in endeavor for upliftment of small scale entrepreneur and businesses. For all kind of administrative services we prefer to hire it from local and surrounding communities where we are working.</p>
5	<p>Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.</p>	<p>Shaily manufactures injection moulded plastics components, which gives very less amount of wastage. Rejected material/stock is regrinded for further usage in final product as agreed with customer. We have adopted environment friendly procedures for disposal of waste that has been generated. All waste is disposed of by approved biological waste management agencies. We recycle around 5-10% of the rejected stock.</p>

Principle 3 : Employees Wellbeing

1	<p>Please indicate the Total number of employees</p>	<p>Total = 1849 (2020-21 Average Per Day) Staff (Including FTS)=528 On Roll Workers=734 Contract Workers=587</p>
2	<p>Please indicate the Total number of employees hired on temporary/contractual/casual basis</p>	<p>587</p>
3	<p>Please indicate the Number of permanent women employees</p>	<p>Total = 76 (2020-21 Average Per Day) Staff (Including FTS)=16 On Roll Workers=60</p>
4	<p>Please indicate the Number of permanent employees with disabilities</p>	<p>1</p>
5	<p>Do you have an employee association that is recognised by management</p>	<p>No</p>
6	<p>What percentage of your permanent employees is members of this recognised employee association?</p>	<p>Nil. Works committee has been formed.</p>
7	<p>Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.</p>	<p>The Company has adopted an Anti-Sexual Harassment Policy. Our Anti Sexual Harassment Policy covers complaints against any sexual harassment and complain for any discrimination. The details of concerns or complaints received by the Company is as below :</p>

ANNEXURE E

		Category	No. of Complaints filed during the financial year	No. of complaints pending as on the end of the financial year															
		Child labour/ forced labour/ involuntary labour	0	0															
		Sexual harassment	0	0															
		Discriminatory employment	0	0															
8	<p>What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?</p> <p>(a) Permanent Employees</p> <p>(b) Permanent Women Employees</p> <p>(c) Casual/Temporary/Contractual Employees</p> <p>(d) Employees with Disabilities</p>	<p>We cover almost all employees in the safety training which is being given at the time of joining and at regular basis from time to time. Apart from this at regular intervals we are arranging skills development programs in which all categories of employees have been included. The details of training imparted during last financial year is as below:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>No. of Employees</th> <th>Training Imparted</th> </tr> </thead> <tbody> <tr> <td>Permanent Employees</td> <td>1262</td> <td>100%</td> </tr> <tr> <td>Permanent Women Employees</td> <td>76</td> <td>100%</td> </tr> <tr> <td>Casual/Temporary/Contractual Employees</td> <td>587</td> <td>100%</td> </tr> <tr> <td>Employees with Disabilities</td> <td>1</td> <td>100%</td> </tr> </tbody> </table>			Category	No. of Employees	Training Imparted	Permanent Employees	1262	100%	Permanent Women Employees	76	100%	Casual/Temporary/Contractual Employees	587	100%	Employees with Disabilities	1	100%
Category	No. of Employees	Training Imparted																	
Permanent Employees	1262	100%																	
Permanent Women Employees	76	100%																	
Casual/Temporary/Contractual Employees	587	100%																	
Employees with Disabilities	1	100%																	

Principle 4 : Stakeholders Engagement

1	Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.	No
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so	N.A.

Principle 5 : Human Rights

1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	We, at Shaily, have formed Anti-Sexual Harrasment Policy which protects human rights of our employees. The policy also covers suppliers/sub-suppliers of the Company.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, the Company did not receive any such complaint.

ANNEXURE E

Principle 6 : Environment

1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others	We are engaged in manufacturing and marketing of injection moulded plastics components for various sectors viz., Healthcare, Consumer, FMCG, Automotive, Personal Care. As far as our own manufacturing facility is concerned, we have adopted industry best manufacturing practices for the protection of environment and all necessary approvals have been taken by us. The policy also covers suppliers/sub-suppliers of the Company. Company conducts periodical audits of suppliers/sub-suppliers to oversee their conformance and implementation of the policy.
2	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	No.
3	Does the Company identify and assess potential environmental risks? Y/N	Yes
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	The Company has taken various initiatives on conservation of energy and technology absorption as mentioned in Annexure B to the Board's Report.
6	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

Principle 7 : Advocacy

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of various bodies and Chamber of Association inter alia :- (a) Federation of Gujarat Industries (b) Confederation of Indian Industry (c) The Plastics Export Promotion Council (PLEX Council) (d) Organisation of Plastics Processors of India (e) PlastIndia Foundation Mr. Mahendra Sanghvi, Executive Chairman of the Company presently ; - Serves as a President at the Organisation of Plastics Processors of India and - Serves on the Management Committee of PlastIndia Foundation.
1	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No

ANNEXURE E

Principle 8 : Community Development

1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	At Shaily, we believe that Health, Education, Water, Livelihood, Cleanliness are some of our key priorities in the area of Corporate Social Responsibility (CSR). We strive to make good health accessible to the local communities and society at large. We strive to promote education and vocational education by donating to trust which aims at empowering women.
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organisation?	Presently, Shaily undertakes CSR activities through in-house team.
3	Have you done any impact assessment of your initiative?	The CSR committee of the Company conducts evaluation of the CSR activities carried out by the Company during each financial year.
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Please refer Annexure - B to the Board's Report
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	The Company conducts impact assessment of its CSR initiatives through feedbacks collected from the beneficiaries of projects undertaken. We believe that our initiatives has genuinely covered and benefitted large number of beneficiaries.

Principle 9 : Customer Value

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	Nil
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	The Company follows all legal statues with respect to product labeling and displaying of product information as enumerated and required by the customers of the Company.
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Not applicable. The Company operates into contract manufacturing and conducts B2B business. Hence, company is not required to carry out consumer surveys/satisfaction trends.

On behalf of the Board of Directors
For Shaily Engineering Plastics Ltd.

Mahendra Sanghvi
Executive Chairman

Vadodara, 29 May 2021

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

Corporate governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' expectations. Good governance practices stem from the culture and mindset of the organization and at Shaily, we are committed to meet the aspirations of all our stakeholders as we believe in adopting best corporate practices for ethical conduct of business. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board and Committees thereof are formed as per the prevailing regulatory requirements, which oversees how the Management serves and protects the long-term interests of all our stakeholders.

Corporate Governance is more than a set of processes and compliances at Shaily. It underlines the role that we see for ourselves for today, tomorrow and beyond. The Company has laid out strict guiding principles and communicated through its code of conduct, which is subject to regular audits to ensure controls and compliances are maintained at a high standard. Shaily's philosophy is thus concerned with the ethics, values and morals of the Company and its directors, who act in the best interests of the Company and remain accountable to the stakeholders at large.

BOARD OF DIRECTORS

The Board of Directors, closely monitors the performance of the Company and Management, approves the plans, reviews the strategy and strives to achieve organizational growth. The Board ensures statutory and ethical conduct with high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term well-being of the Company.

a. Composition of Board

- The Board of Directors consists of four (4) Executive Directors from the Promoter Group and four (4) Independent Directors. Out of the Four (4) Independent Directors, one is a woman independent Director. As on 31 March 2021 and on the date of this report, the Board meets the requirement of having atleast one woman director and not less than 50% of the Board strength comprises of 4 non-executive directors. The Directors are professionals, having expertise in their respective functional areas and bring a wide range of skills and expertise to the Board.

- The Chairman of the Board is an Executive Director. The management of the Company is entrusted to the Managing Director, Mr. Amit Sanghvi, who is assisted by a Management Core Team and Senior Executives having rich experience and expertise in their respective fields.
- Pursuant to the provisions of Section 165(1) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter shall be referred as SEBI Listing Regulations, 2015) none of the Director hold directorships in more than 20 companies (public or private), 10 public companies, membership of Audit & Stakeholder Relationship Committee(s) in excess of 10 and Chairmanship of Audit & Stakeholders Relationship Committee(s) in excess of 5. None of the Directors serve as Independent Director in more than 7 Listed Companies. None of the Director who serves as a Whole Time Director/Managing Director in any listed entity serve as an Independent Director in more than three listed Companies.

b. Number of Board meetings held and the dates of the Board Meeting

Four (4) Board Meetings were held during the year ended 31 March 2021 as under:

Sr. No.	Date	Time (IST)
1	29 May 2020	01:00 p.m.
2	08 August 2020	01:00 p.m.
3	07 November 2020	01:30 p.m.
4	06 February 2021	02:50 p.m.

Requisite quorum was present in all the meetings. The time gap between two meetings did not exceed one hundred and twenty days, as per the prevailing regulatory requirements. Due to the prevailing situation of COVID-19 pandemic and following relaxations given by the Securities Exchange Board of India and the Ministry of Corporate Affairs, all the meetings were held through Video Conference hosted from the registered office of the Company in due compliance with applicable Secretarial Standards.

REPORT ON CORPORATE GOVERNANCE

Details of composition and category of Directors, attendance at the Board Meetings, Annual General Meeting and shareholding of each director

Name of Director	Category	No. of Directorship(s) [Note a]	No. of membership in committees (Chairmanship)	Attendance in Board Meetings held in 2020-21	Attendance at last AGM	No. of Equity Shares held in the Company as on 31 March 2021
As on 31 March 2021						
Mr. Mahendra Sanghvi Executive Chairman	Promoter Executive	6	3 (including 1 as Chairman)	4/4	Yes	811,335
Mr. Laxman Sanghvi Executive Director	Promoter Executive	3	0	4/4	Yes	476,424
Mrs. Tilottama Sanghvi Whole-Time Director	Promoter Executive	2	0	4/4	Yes	1,287,715
Mr. Amit Sanghvi Managing Director	Promoter Group - Executive	2	1	4/4	Yes	60,658
Mr. Milin Mehta	NED (Independent)	11	5 (including 4 as Chairman)	4/4	Yes	Nil
Mr. Ranjit Singh	NED (Independent)	8	3 (including 1 as Chairman)	4/4	Yes	Nil
Dr. Shailesh Ayyangar	NED (Independent)	2	1	4/4	Yes	Nil
Mrs. Varsha Purandare	NED (Independent)	8	6 (including 2 as Chairman)	4/4	Yes	Nil
Mr. Sarup Chowdhary (Note e)	NED (Independent)	2	1	2/2	Yes	Nil
Mr. Jiten Mathuria (Note f)	NED (Independent)	3	0	1/1	Not applicable	Nil

Notes :

- Number of Directorship includes directorship in public and private Companies including Shaily Engineering Plastics Limited. Does not include directorship in foreign company(ies).
- Membership/Chairmanship are considered only for Audit Committee and Stakeholders Relationship Committee pursuant to Regulation 26 of the SEBI Listing Regulations, 2015.
- NED refers to Non-Executive Director.
- The Company has not issued any convertible instruments.
- Tenure of Mr. Sarup Chowdhary as an Independent Director concluded after the closure of 40th AGM held on 26 September 2020, hence during the year, Mr. Sarup Chowdhary was eligible to attend two Board meetings. Data of directorship/committees is updated till the completion of tenure.
- Mr. Jiten Mathuria resigned as an Independent Director of the Company effective from close of business hours on 6 August 2020, hence during the year, Mr. Jiten Mathuria was eligible to attend one Board meeting. Data of directorship/committee updated till the date of resignation.
- The number of Directorship(s), Committee Membership(s)/Chairmanship(s) of all the Directors is/are within the respective limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

Details of directorship in other listed entities of each Director as on 31 March 2021

Name of Director	Category	Name of other listed Companies where Directorship held	Category of Directorship held
Mr. Mahendra Sanghvi Executive Chairman	Promoter Executive	Munjal Auto Industries Ltd.	Independent Director
		Integra Engineering Ltd.	Independent Director
Mr. Laxman Sanghvi Executive Director	Promoter Executive	No Directorship in other listed entities	Not Applicable
Ms. Tilottama Sanghvi Whole-Time Director	Promoter Executive	No Directorship in other listed entities	Not Applicable

REPORT ON CORPORATE GOVERNANCE

Name of Director	Category	Name of other listed Companies where Directorship held	Category of Directorship held
Mr. Amit Sanghvi Managing Director	Promoter Group - Executive	No Directorship in other listed entities	Not Applicable
Mr. Milin Mehta	NED (Independent)	VA Tech WABAG Ltd. 5Paisa Capital Ltd.	Independent Director Independent Director
Mr. Ranjit Singh	NED (Independent)	Polyplex Corporation Ltd. VA Tech WABAG Ltd.	Independent Director Independent Director
Dr. Shailesh Ayyangar	NED (Independent)	No Directorship in other listed entities	Not applicable
Mrs. Varsha Purandare	NED (Independent)	Orient Cement Ltd. The Federal Bank Ltd. Deepak Fertilisers and Petrochemicals Corporation Ltd.	Independent Director Independent Director Independent Director
Mr. Sarup Chowdhary (Note a)	NED (Independent)	No Directorship in other listed entities	Not applicable
Mr. Jiten Mathuria (Note b)	NED (Independent)	No Directorship in other listed entities	Not applicable

Notes :

- (a) Tenure of Mr. Sarup Chowdhary as an Independent Director concluded after the closure of 40th AGM held on 26 September 2020, hence the above data pertains till that date.
- (b) Mr. Jiten Mathuria resigned as an Independent Director of the Company effective from 7 August 2020, hence the above data pertains till that date.

Key Board qualifications, expertise and attributes

SEPL's Board of Directors comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Company's Board comprises of eight directors which has right blend of deep understanding of various areas of SEPL business, manufacturing process. The board has right combination of Directors on board with impeccable business acumen, strategy and project management experience.

The skill sets identified by the Board alongwith its availability assessment collectively for the Board and individually for each Director are as under :

Key Board Qualification	Board Members							
	Mahendra Sanghvi	Laxman Sanghvi	Tilottama Sanghvi	Amit Sanghvi	Milin Mehta	Ranjit Singh	Shailesh Ayyangar	Varsha Purandare
	Executive Chairman	Executive Director	Whole Time Director	Managing Director	Independent Director	Independent Director	Independent Director	Independent Director
Technical prowess in Plastics Engineering with specialized expertise in Plastics Moulding technology	✓	✓	✓	✓	-	✓	-	-
Deep understanding of various facets of raw materials required for best quality of plastics	✓	✓	✓	✓	-	✓	-	-
Financial Acumen	✓	✓	✓	✓	✓	✓	✓	✓
Healthcare Industry knowhow	✓	-	-	✓	✓	-	✓	✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓
Visionary Leadership	✓	✓	✓	✓	✓	✓	✓	✓
Industry Experience, Research & Development and Innovation	✓	✓	✓	✓	-	✓	✓	✓
Global Business/International Exposure	✓	✓	✓	✓	-	✓	✓	✓
Financial, Regulatory, Legal & Risk Management	✓	✓	✓	✓	✓	✓	✓	✓

REPORT ON CORPORATE GOVERNANCE

Key Board Qualification	Board Members							
	Mahendra Sanghvi	Laxman Sanghvi	Tilottama Sanghvi	Amit Sanghvi	Milin Mehta	Ranjit Singh	Shailesh Ayyangar	Varsha Purandare
	Executive Chairman	Executive Director	Whole Time Director	Managing Director	Independent Director	Independent Director	Independent Director	Independent Director
Policy Development	✓	✓	✓	✓	✓	✓	✓	✓
Marketing	✓	-	-	✓	-	✓	✓	✓
Integrity and ethical standards	✓	✓	✓	✓	✓	✓	✓	✓
Interpersonal Relationships	✓	✓	✓	✓	✓	✓	✓	✓
Creative and Logical Approach	✓	✓	✓	✓	✓	✓	✓	✓
Strong Client Relationship	✓	✓	✓	✓	NA	NA	NA	NA
Understanding of multi-faceted business operations	✓	✓	✓	✓	✓	✓	✓	✓

c. Confirmation with regards to Independent Directors

In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI Listing Regulations 2015 and are independent of the management.

d. Resignation of Independent Directors, if any.

Mr. Jiten Mathuria, resigned as an Independent Director effective from 7 August 2020 due to personal reasons. His letter of resignation is submitted with the BSE Ltd for information of the members and public at large and available on the website of the Company at <https://www.shaily.com/investors/corporate-governance>

During the year, none of the Independent Directors except as stated above have placed their resignation or before the expiry of their tenure.

For the information of members, tenure of Mr. Sarup Chowdhary concluded effective from close of 40th Annual General Meeting of the Company held on 26 September 2020.

e. Relationship between director inter-se

Mr. Mahendra Sanghvi, Executive Chairman is brother of Mr. Laxman Sanghvi, Executive Director; spouse of Mrs. Tilottama Sanghvi, Whole Time Director and father of Mr. Amit Sanghvi, Managing Director. None of the other Directors are related to each other.

f. Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, who can effectively contribute to the Company's business and policy decisions are considered by the Nomination & Remuneration Committee, for appointment as an Independent Director on the Board.

The Nomination & Remuneration Committee inter alia considers qualification, positive attributes, area of expertise

and number of Directorship(s) and membership(s) held in various committees by such person(s). The Board considers the Committee's recommendation and takes appropriate decision.

g. Familiarization programme for Independent Directors

Guided by the principles of Corporate Governance of the prevailing regulatory regime, the Company conducts familiarization programme for Independent Directors from time to time in accordance with business & regulatory requirements. The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee meetings on the business and performance updates of the Company including Finance, sales, ongoing projects, investor activities, regulatory compliances. Detailed presentations on company's business development activities are made at the Board meetings to keep the Directors abreast of the forthcoming business activities of the Company.

Quarterly updates on relevant statutory, regulatory changes and landmark judicial pronouncements encompassing important laws are circulated to the Directors. Visits to plant locations are organized for the Independent Directors to enable them to understand and get acquainted with the operations of the Company. During the current year, due to the COVID-19 pandemic, there had been no physical facility visits. The Board was facilitated with videos and presentation of the facilities to keep them updated of the various construction activities around all facilities.

The details of such familiarization programmes for the Independent Directors are available on the website of the Company at <https://www.shaily.com/investors/corporate-governance>

REPORT ON CORPORATE GOVERNANCE

h. Board Meeting Procedures:

Annual Calendar of Board Meetings of the year is usually considered in the Board Meeting of the last quarter of the previous financial year. The notice convening Board Meeting is sent to each of the Directors along with relevant papers well in advance of the meeting date. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. All significant developments and material events are brought to the notice of the Board; either as a part of the agenda papers in advance of the meeting or by way of presentations or circulation of relevant documents during the meeting. The Managing Director, the Chief Executive Officer, the Chief Financial Officer and the Chief Strategy Officer, briefs the Board on the financial and business performance of the Company during the previous quarter and trend analysis as compared to the budgets, operational performance and market scenario.

The Company receives reports from various departmental heads, certifying the compliance of applicable statutory laws, rules and regulations every quarter. The Chief Executive Officer, on basis of the reports certifies the Board, the compliance with various applicable statutory laws, rules and regulations.

i. Code of Conduct

The Company has laid down a Code of Conduct, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations with regard to its compliance have been received for the financial year 2020-21 from all the Board Members and Senior Management Personnel. There were no material financial and commercial transactions, in which Board Members or Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year. The Code of Conduct can be viewed at <https://shaily.com/investors/corporate-governance>

j. Committee meetings

The Company's guidelines relating to Board Meetings are applicable to Committee meetings. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Committee members and placed before the Board meetings for noting.

AUDIT COMMITTEE

The Company has an Audit Committee at the Board level, with the powers and roles in accordance with the prevailing regulatory requirements. The Committee acts as a link amongst the Management, Auditors and the Board of Directors.

a. Composition of Audit Committee

The Audit Committee comprises of four (4) Independent Directors viz., Mr. Milin Mehta, Mr. Ranjit Singh, Dr. Shailesh Ayyangar and Mrs. Varsha Purandare. Mr. Milin Mehta is the Chairman of the Audit Committee.

During the year, composition of the Audit Committee was reconstituted effective from 10 August 2020.

The erstwhile constitution of committee comprised of Independent Directors, Mr. Milin Mehta, Mr. Ranjit Singh and Mr. Sarup Chowdhary; Mr. Milin Mehta being the Chairman of the Committee.

b. Terms of Reference

The terms of reference of the Audit Committee are comprehensive and covers the matters specified for Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures. The committee has reviewed the internal audit reports, quarterly, half-yearly and annual financial results before their submission and adoption by the board, internal control systems, Related Party Transactions and all other matters covered under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and provisions of the Companies Act, 2013 read with rules made thereunder as and when applicable. In conducting such reviews, the committee found no material discrepancy.

c. Meetings of Audit Committee and Attendance of Members

There were four (4) Audit Committee meetings held during the financial year 2020-21, through virtual mode.

Sr. No.	Date of Audit Committee Meetings
1	29 May 2020
2	08 August 2020
3	07 November 2020
4	06 February 2021

REPORT ON CORPORATE GOVERNANCE

Name	Number of Meetings held during F.Y. 2020-21	
	Eligible to attend	Attended
Mr. Milin Mehta (Chairman)	4	4
Mr. Ranjit Singh	4	4
Dr. Shailesh Ayyangar	2	2
Mrs. Varsha Purandare	2	2
Mr. Sarup Chowdhary	2	2

Constitution of Audit Committee was changed effective from 10 August 2020. Tenure of Mr. Sarup Chowdhary as an Independent Director and member of Audit Committee concluded after the close of 40th Annual General Meeting held on 26 September 2020. Hence, he was eligible to attend only two (2) audit committee meetings.

Dr. Shailesh Ayyangar and Mrs. Varsha Purandare were appointed as members of the Audit Committee effective from 10 August 2020, therefore, they were eligible to attend two (2) audit committee meetings.

Mr. Milin Mehta, Chairman of the Audit Committee attended the 40th Annual General Meeting held on 26 September 2020.

The Statutory Auditors, Internal Auditors, Secretarial Auditors, Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Executive Directors and other senior professionals were invited to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

NOMINATION & REMUNERATION COMMITTEE (NRC)

a. Composition of Nomination & Remuneration Committee

Composition of the Nomination & Remuneration Committee of the Company is in line with the provisions of Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and section 178 of the Companies Act, 2013.

The Committee was reconstituted. Constitution of Nomination & Remuneration Committee, **effective from 10 August 2020** is as under :

Name of Director	Acting in Committee as	Category
Dr. Shailesh Ayyangar	Chairman	Independent Director
Mr. Ranjit Singh	Member	Independent Director
Mr. Milin Mehta	Member	Independent Director
Mr. Mahendra Sanghvi	Member	Executive Chairman

Erstwhile constitution (Prior to 10 August 2020) :

Name of Director	Acting in Committee as	Category
Mr. Sarup Chowdhary	Chairman	Independent Director
Mr. Jiten Mathuria	Member	Independent Director
Mr. Milin Mehta	Member	Independent Director
Mr. Mahendra Sanghvi	Member	Executive Chairman

b. Terms of Reference:

The terms of reference of the NRC is to guide the Board in relation to the appointment and removal of Directors, KMP & Senior Management Personnel, identifying persons and to recommend/review remuneration of all the Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.

c. Meetings of Nomination & Remuneration Committee and Attendance of Members

There was one (1) meeting of the Nomination & Remuneration Committee held on 29 May 2020.

Name	Number of Meetings held during F.Y. 2020-21	
	Held	Attended
Mr. Sarup Chowdhary (Chairman)	1	1
Mr. Jiten Mathuria	1	1
Mr. Milin Mehta	1	1
Mr. Mahendra Sanghvi	1	1

Note : Refer to heading titled "Composition on Nomination & Remuneration Committee for details of the composition and change therein.

Mr. Sarup Chowdhary, Chairman of NRC till 9 August 2020 and Dr. Shailesh Ayyangar, Chairman of NRC effective from 10 August 2020, both have attended 40th AGM held on 26 September 2020.

The Company Secretary of the Company acts as the Secretary to the Committee.

d. Performance Evaluation

Guided by the prevailing regulatory environment of the SEBI Listing Regulations, 2015 and the Companies Act, 2013, the framework used to evaluate the performance of Independent and the Executive Directors is based on the expectation that they perform their duties in a manner which creates and continues to build sustainable value for the shareholders and in accordance with the duties and obligations abided on them.

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The performance evaluation criteria for Independent directors are determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

e. Policy on Nomination & Remuneration

Nomination & Remuneration Policy is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve desired results. Shaily's business model promotes customer centricity and requires employee mobility to address project needs. The current policy is to have an appropriate

mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. The policy adheres to the prevailing regulatory requirements of the SEBI Listing Regulations, 2015 and the Companies Act, 2013.

The Company pays remuneration by way of salary, benefits, perquisites and allowances to the Executive Directors including the Managing Director of the Company, as approved by the shareholders, when so required.

The non-executive directors of the Company are Independent Directors and they are paid sitting fees for attending the meetings of Board and of the Committees.

There has been no change in the Nomination & Remuneration Policy of the Company. It can be viewed at <https://shaily.com/investors/corporate-governance>

REMUNERATION OF DIRECTORS

a. Executive Directors

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc., paid to the Executive Directors for the financial year 2020-21 are given below :

(₹ in lacs)					
Name & Designation of Executive Directors	Salary	Allowances & Perquisites	Company's contribution to funds	Others	Total
Mr. Mahendra Sanghvi Executive Chairman	109.81	2.11	14.95	-	126.86
Mr. Laxman Sanghvi Executive Director	63.14	0.79	8.59	-	72.53
Mrs. Tilottama Sanghvi Whole - Time Director	56.60	1.70	4.08	-	62.37
Mr. Amit Sanghvi Managing Director	109.81	5.82	14.95	-	130.58
Total	339.35	10.42	42.56	-	392.34

(a) *Sitting fees are not paid to Executive Directors.*

(b) *The Executive Directors and the Company are entitled to terminate the service contracts by giving not less than three months' notice in writing to the other party. There is no provision for payment of severance fees.*

(c) *The Executive Directors are not paid any performance linked incentives. The remuneration is paid, as approved by the members, where required.*

(d) *Company's contribution to funds includes contribution to superannuation fund.*

b. Non - Executive Directors [NED]

The Non-Executive Directors are paid ₹ 75,000/- as sitting fees for attending Board Meeting(s); ₹ 37,500/- for attending Audit Committee meeting(s) and ₹ 25,000/- for other Committee Meeting(s). The Non-Executive Directors are also paid re-imbursement of out of pocket expenses incurred for attending meetings of the Board of Directors, Committee and Independent Directors, thereof. No commission/share of profit is paid to the Non-Executive Directors.

None of the Non-Executive Independent Director(s) have any pecuniary relationship or transactions with the Company and/or its associates except Mr. Milin Mehta, where the Company has paid a total of ₹ 18.73 lacs to M/s K.C. Mehta & Co., Chartered

REPORT ON CORPORATE GOVERNANCE

Accountants, as fees for professional services rendered by the firm to the Company as GST consultants of the Company. Mr. Milin Mehta is a partner in the said firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect independence of judgment of Mr. Milin Mehta, as an Independent Director of the Company.

Sitting Fees paid to NED during 2020-21 :

(₹ in lacs)

Name of Director	Sitting fees
Mr. Milin Mehta	5.00
Mr. Ranjit Singh	4.50
Dr. Shailesh Ayyangar	3.75
Mrs. Varsha Purandare	3.75
Mr. Sarup Chowdhary	2.75
Mr. Jiten Mathuria	1.25
Total	21.00

STAKEHOLDERS RELATIONSHIP COMMITTEE

a. Composition of Stakeholders Relationship Committee (SRC)

The Stakeholders Relationship Committee of the Company is in line with the provisions of Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and section 178(5) of the Companies Act, 2013, constituted to look into the mechanism of redressal of grievances of shareholders.

The Stakeholders Relationship Committee was reconstituted effective from **10 August 2020** as under :

Name of Director	Acting in Committee as	Category
Mrs. Varsha Purandare	Chairman	Independent Director
Mr. Milin Mehta	Member	Independent Director
Mr. Amit Sanghvi	Member	Managing Director

Erstwhile constitution of SRC (Prior to 10.08.2020) :

Name of Director	Acting in Committee as	Category
Mr. Milin Mehta	Chairman	Independent Director
Mr. Sarup Chowdhary	Member	Independent Director
Mr. Amit Sanghvi	Member	Managing Director

The Company Secretary of the Company acts as the Secretary to the Committee.

b. Meetings of SRC & Attendance

There was one meeting of the Stakeholders Relationship Committee held during 2020-21 on 29 May 2020. All the members attended the meeting.

Mr. Milin Mehta, Chairman of SRC (till 9 August 2020) and Ms. Varsha Purandare, Chairperson of SRC (effective from 10 August 2020) have attended 40th AGM held on 26 September 2020.

c. Compliance Officer

Ms. Preeti Sheth, Asst. Company Secretary is the Compliance Officer of the Company and looks after the compliance of requirements of Securities & Corporate Laws.

d. Investor grievance redressal

There were no complaints received from the shareholders during the financial year 2020-21.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of corporate social responsibility policy, recommend amount of expenditure to be incurred on CSR activities, oversee the implementation of CSR projects/programs undertaken by the Company, suggest remedial measures, where required, and monitor the CSR Policy from time to time.

a. Composition of Corporate Social Responsibility Committee

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013.

Pursuant to resignation tendered by Mr. Jiten Mathuria, effective from 7 August 2020, the Committee was reconstituted with effect from 10 August 2020.

Composition of CSR committee :

Name of Director	Acting in Committee as	Category
Mr. Ranjit Singh	Chairman	Independent Director
Mr. Laxman Sanghvi	Member	Executive Director
Mrs. Tilottama Sanghvi	Member	Whole Time Director

Erstwhile composition of CSR Committee (Prior to 10 August 2020) :

REPORT ON CORPORATE GOVERNANCE

Name of Director	Acting in Committee as	Category
Mr. Jiten Mathuria	Chairman	Independent Director
Mr. Laxman Sanghvi	Member	Executive Director
Mrs. Tilottama Sanghvi	Member	Whole Time Director

The Company Secretary of the Company acts as the Secretary to the committee.

b. Meetings of Corporate Social Responsibility Committee and Attendance

There was one meeting of the Corporate Social Responsibility Committee held during 2020-21 on 29 May 2020. All the members were present in the meeting.

GENERAL BODY MEETINGS

The details of last three Annual and/or Extraordinary General Meetings are as follows:

Financial Year	Location	Date	Time	No. of Special Resolutions passed	Title of Special Resolutions passed
2017-18	Survey No. 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat	13 August 2018	04:00 p.m. IST	Nil	Nil
2018-19	Survey No. 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat	08 August 2019	04:00 p.m. IST	5	<ol style="list-style-type: none"> 1. Re-Appointment of Mr Mahendra Sanghvi as an Executive Chairman for a period of 3 years effective from 01 April 2019 to 31 March 2022. 2. Re-Appointment of Mr Laxman Sanghvi as an Executive Director for a period of 3 years effective from 01 April 2019 to 31 March 2022. 3. Re-appointment of Mr Milin Mehta as a Non-Executive Independent Director for a second term of five years effective from 08 November 2019 to 07 November 2024. 4. Re-appointment of Mr Sarup Chowdhary as a Non-Executive Independent Director for a second term of one year till conclusion of 40th AGM of the Company. 5. Approval of Shaily Employee Stock Option Plan 2019.
2019-20	Video Conferencing/ Other Audio Visual means hosted from the registered office of the Company located at Survey No. 364/366, At & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat.	26 September 2020	11:00 a.m. IST	2	<ol style="list-style-type: none"> 1. Re-Appointment of Mr. Amit Sanghvi as a Managing Director for a period of 3 years effective from 01 October 2020 to 30 October 2023. 2. Appointment of Mrs. Tilottama Sanghvi as a Whole Time Director for a period of 3 years effective from 01 February 2020 to 31 January 2023.

- There was no business in 2020-21, which required to be transacted through postal ballot.
- Whether any Special Resolution is proposed to be conducted through Postal Ballot – NO.

REPORT ON CORPORATE GOVERNANCE

MEANS OF COMMUNICATION

Financial Results	The financial results viz., quarterly/half yearly/annual are sent to the stock exchange and published in newspapers having nation-wide coverage.
Newspapers wherein results are normally published	The Financial Results are normally published in : - The Business Standard (English) - Vadodara Samachar (Gujarati)
Website	The Company's website www.shaily.com contains a separate dedicated section "Investors" at https://www.shaily.com/investors where shareholders information is available. The full Annual Report is also available on the website in a user friendly and downloadable format at https://www.shaily.com/investors/annual-report Apart from this, official news releases, results/investors presentation made to analysts/investors, information of earnings call, transcript of earnings call, financial results, shareholding pattern, etc., are also displayed on the Company's website.
BSE Corporate Compliance & Listing Centre	BSE's Listing Centre is a web-based application designed for corporates. All periodical filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among others are also filed electronically on the Listing Centre, which disseminates it to the public at large.

GENERAL SHAREHOLDER INFORMATION

S.#	Particulars	Description
a)	Annual General Meeting Date, Time & Venue	Tuesday, 14 September 2021 at 11:30 a.m., IST. Through Video Conferencing /Other Audio Visual Means. Details available in the Notice convening the 41st Annual General Meeting of the Company.
b)	Financial Year	1 April 2020 to 31 March 2021
c)	Date of Book closure	Monday, 6 September 2021 to Tuesday, 14 September 2021.
d)	Listing on Stock Exchange	BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India. The requisite listing fees have been paid to BSE for 2020-21.
e)	Stock Code	BSE Equity : 501423
f)	Market price data -high, low during each month in 2020-21	Please see "Annexure A"
g)	Share performance of the Company in comparison to BSE Sensex	Please see "Annexure B"
h)	In case, securities are suspended from trading, the directors report shall explain the reasons thereof	The securities of the Company have not been suspended from trading anytime during 2020-21.
i)	Registrar & Share Transfer Agent	Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai - 400 059 Ph : +91 22 6263 8200 I Fax : +91 22 6263 8299 Web : www.bigshareonline.com I Email : investor@bigshareonline.com
j)	Share Transfer system	Effective 1 April 2019, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8 June 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30 November 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not processed unless the securities are held in the dematerialized form with the depositories. The Stakeholders Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect transfer/transmission, name deletion, renewal of shares, dematerialization, etc.

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S.#	Particulars	Description
k)	Distribution of shareholding/ Shareholding Pattern as on March 31 2021	Please see "Annexure C"
l)	Dematerialization of shares and liquidity	Please see "Annexure D"
m)	Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	Not applicable
n)	Commodity price risk or foreign exchange risk and hedging activities	Not applicable
o)	Plant Locations	<p>Registered office & Rania Complex : Survey No. 363/364/366, At. & Po. Rania – 391 780, Ta. Savli, Dist. Vadodara, Gujarat, India.</p> <p>Halol Plant : Plot No. 706/707/708, G.I.D.C., Halol - 389 350, Dist. Panchmahal, Gujarat, India.</p> <p>Halol - II Complex : Survey Nos. 208/1,209/1p1,209/2-5,210/5p1,212/5,213/1-3, At. & Po. Chandrapura, Halol – 389 350, Dist. Panchmahal, Gujarat, India.</p>
p)	Address for Correspondence/Investor Correspondence	<p>Company Secretary and Compliance Officer</p> <p>Shaily Engineering Plastics Ltd Survey 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat, India Ph : +91 2667 244307/244348/244361 Fax : +91 2667 244372 Web : www.shaily.com Email : investors@shaily.com</p> <p>Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai - 400 059 Ph : +91 22 6263 8200 Fax : +91 22 6263 8299 Web : www.bigshareonline.com Email : investor@bigshareonline.com</p> <p><i>Shareholders are advised to address query/request in respect of shares to the RTA. In addition they may also correspond at the above address. It is further advised to quote their folio number, DP & Client ID number, as the case may be, in all correspondence with it.</i></p>
q)	Credit Rating	<p>CARE continues to accord the ratings on the bank facilities of the Company as under: Long term facilities - CARE A-; Stable</p> <p>Short term facilities - CARE A2+</p> <p>On long term bank facilities of ₹ 217.10 cr and short term bank facilities of ₹ 30.00 cr. The above ratings were re-affirmed by CARE during the year.</p>

Other Disclosures

a. Related Party Transactions

During the year under review, no materially significant Related Party Transactions, that may have a potential conflict with the interest of the Company at large, have been entered into.

The Board has approved a policy for related party transactions which can be viewed at our website www.shaily.com

at the weblink <https://shaily.com/investors/corporate-governance>

b. Compliance

The Company has complied with all the provisions of SEBI Listing Regulations, 2015 as well as regulations and guidelines of Securities and Exchange Board of India (SEBI). There have been no instances of non-compliance by the Company on any matters related to capital markets

REPORT ON CORPORATE GOVERNANCE

during the last three (3) years and, hence no penalty or strictures are imposed by SEBI or the Stock Exchanges or any Statutory Authority.

c. Whistle Blower Policy

The Company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethical policy.

The Whistle Blower Policy/Vigil Mechanism is placed on our website www.shaily.com at weblink <https://shaily.com/investors/corporate-governance>

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

d. Compliance with mandatory and non-mandatory requirements

The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

Non-mandatory requirements:

- a) **Office for non-executive Chairman at Company's expense** : Not Applicable
- b) **Half yearly declaration of financial performance to each household of shareholders** : Not complied
- c) **Modified opinion(s) in Audit Report** : Complied as there is no modified opinion in Audit Report
- d) **Separate posts of Chairman & CEO** : Complied
- e) **Reporting of Internal Auditors directly to Audit Committee** : Complied

e. Policy for determining 'material subsidiaries'

The Company does not have any subsidiary company, therefore, requirement of devising such policy does not apply to the Company.

f. Disclosure of commodity price risks and commodity hedging activities

The Company is not listed under the Commodity exchange and therefore trading in relation with commodities and commodity hedging is not applicable to the Company.

g. Details of utilization of funds raised through preferential allotment/qualified institutions placement

The Company has during the year not raised any funds through preferential allotment or qualified institutions placement as specified under SEBI Listing Regulations, 2015.

h. Independent Directors' Meeting

The Independent Directors met on 30 March 2021, to carry out the evaluation for the financial year 2020-21 and inter alia, discussed the following :

- ◆ Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;
- ◆ Evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-executive Directors.
- ◆ Evaluation of quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively perform its duties.

i. Fees paid to Statutory Auditors

The Company during the year paid an amount of ₹ 16.76 lacs to its Statutory Auditor M/s B S R & Associates, LLP, Chartered Accountants and all entities in the network firm/network entity of which statutory auditor is a part. The same is detailed under Note 26 of the financial statements for the year ended on 31 March 2021.

j. Obligation of Company under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

No Complaint has been received by the Committee during the financial year.

k. Instances of not accepting any recommendation of the Committee by the Board :

There were no such instance where Board had not accepted any recommendation of any committee of the Board, whether mandatorily required or not, in the relevant financial year.

REPORT ON CORPORATE GOVERNANCE

I. Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Regulation No	Particulars	Compliance Status (Yes or No)
17	Board of Directors	Yes
17A	Maximum Number of Directorships	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	NA
24A	Secretarial Audit and Secretarial Compliance Report	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors, Senior Management and Promoters	Yes
27	Other Corporate Governance Requirements	Yes
46(2) (b) to (i)	Website	Yes

Transfer of Unclaimed Dividend to IEPF :

Section 124 & 125 of the Companies Act, 2013 read with rules made thereunder, prescribe that dividends that remain unclaimed for a period of seven consecutive years or more, are statutorily required to be transferred to the Investor Education & Protection Fund (IEPF) administered by the Central Government, and thereafter the shareholders can claim their unpaid dividend from the IEPF.

Calendar for transfer of unclaimed dividend to IEPF :

Financial Year	Type of Dividend	Date of Declaration	Amount of Unpaid Dividend	Due for transfer to IEPF
2014-15	Final Dividend	8 August 2015	₹ 66,964/-	October 2022
2015-16	Final Dividend	2 August 2016	₹ 50,764/-	September 2023
2016-17	Final Dividend	9 September 2017	₹ 69,975/-	September 2024
2017-18	Final Dividend	13 August 2018	₹ 90,090/-	September, 2025

Members, who have not yet encashed their dividend warrant(s), are requested to make their claims without any delay to the Company's Registrar & Share Transfer Agent – Bigshare Services Pvt.. Ltd. The Company has not declared any dividend after 2017-18.

ANNEXURE - A

Market price data of the Company's shares traded on BSE Ltd. (BSE) during the financial year 2020-21

Month	Open Price	High Price	Low Price	Close Price
April-20	240.00	288.10	226.05	256.45
May-20	259.85	259.85	198.55	241.05
June-20	253.10	400.15	253.10	363.05
July-20	359.90	452.15	358.05	445.00
August-20	445.00	716.95	418.35	575.85
September-20	575.85	685.00	547.10	598.70
October-20	624.90	668.00	561.20	619.70
November-20	621.00	679.90	604.00	623.00
December-20	618.00	834.00	605.10	746.50
January-21	746.50	839.60	700.00	786.45
February-21	785.00	965.00	755.50	924.95
March-21	935.00	1036.25	906.00	1007.00

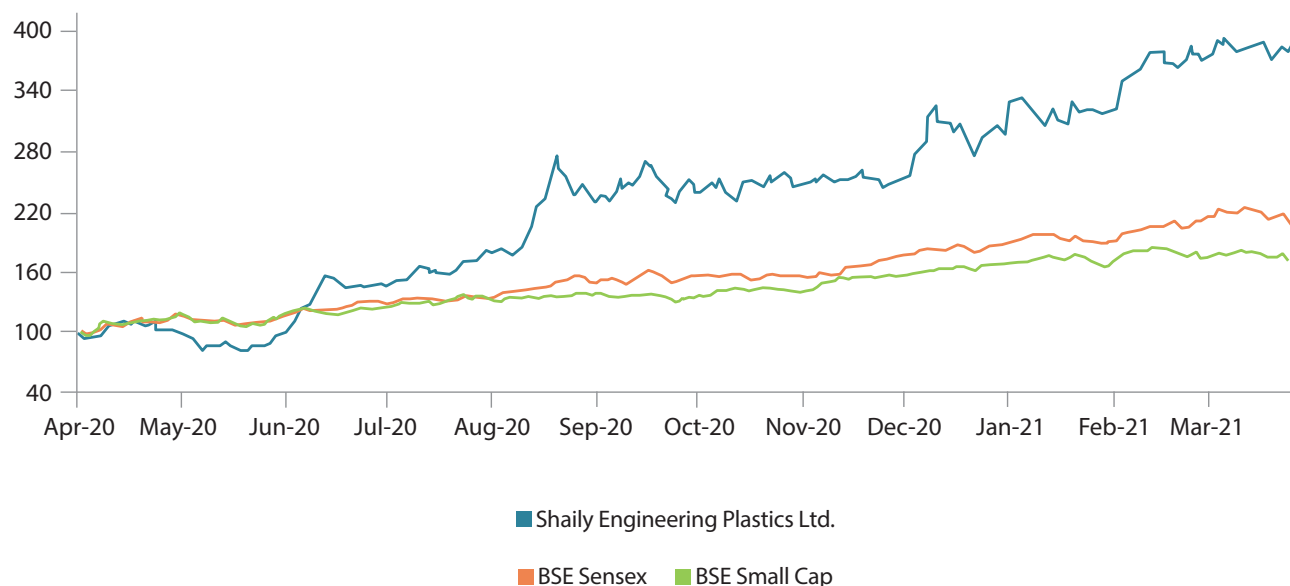
* Information compiled from the data available at BSE website.

REPORT ON CORPORATE GOVERNANCE

ANNEXURE - B

Share performance of the Company in comparison to BSE Small Cap Index & BSE Sensex :

*Chart indexed to 100



ANNEXURE - C

Distribution of shareholdings as on 31 March 2021 is as under :

Number of shares of face value	Number of shareholders	% of total shareholders	Number of shares	% of total shares
1-500	3758	90.14	291272	3.50
501-1000	192	4.61	146484	1.76
1001-2000	81	1.94	119691	1.44
2001-3000	48	1.15	118740	1.43
3001-4000	17	0.41	59801	0.72
4001-5000	11	0.26	49386	0.59
5001-10000	17	0.41	130736	1.57
10001-9999999999	45	1.08	7402320	88.99
Total	4169	100.00	8318430	100.00

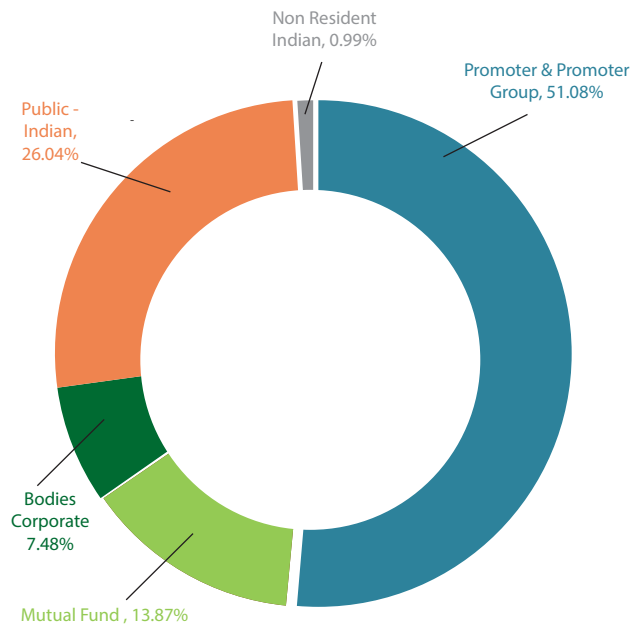
Note : Number of shareholders are not clubbed based on PAN. Data is compiled based on reports shared by Company's Registrar & Share Transfer Agents, M/s Bigshare Services Pvt. Ltd.

REPORT ON CORPORATE GOVERNANCE

Shareholding as on 31 March 2021

Sr. No.	Category	Number of Shares held	% of voting strength
1	Promoters & Promoter Group	4,248,809	51.08
2	Mutual Funds	1,153,796	13.87
4	Bodies Corporate	622,098	7.48
6	Public - Indian	2,166,421	26.04
7	Non-Resident Indian	82,541	0.99
8	Others	44,765	0.54
	Total	8318430	100.00

Distribution of Shareholding

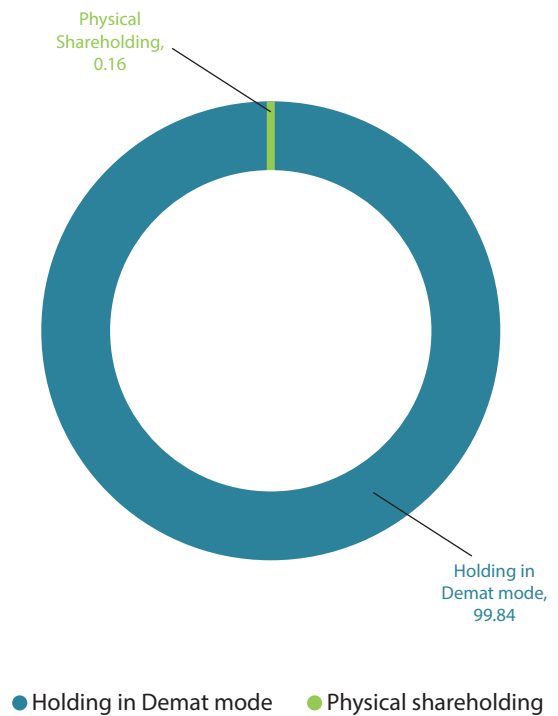


ANNEXURE - D

Dematerialization of shares and liquidity

Sr. No.	Status	Number of Shares	%
1	Holding in Demat mode	83,04,728	99.84
2	Physical shareholding	13,702	0.16
	Total	83,18,430	100.00

* Previous year (i.e. as on 31 Mar 20) - Demat holding was 99.83%



For and on behalf on Board of Directors

Vadodara
29 May 2021

Mahendra Sanghvi
Executive Chairman
DIN : 00084162

Corporate Governance Compliance Certificate

(For the Financial Year ended 31 March 2021 pursuant to Schedule V – Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members

Shaily Engineering Plastics Ltd.

We have examined the compliance of the conditions of Corporate Governance by Shaily Engineering Plastics Ltd. (“Company”) for the Financial Year ended 31 March 2021 (“period under review”), as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The Compliance of conditions of Corporate Governance is the responsibility of the Company’s Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We state that in respect of investor grievances received during the period under review, no such grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

PR#:1079/2021

FCS No. 3677; CP No. 2863

UDIN: F003677C000389832

Place: Vadodara

Date : 29 May 2021

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Part C Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Members

Shaily Engineering Plastics Ltd.

We have examined the Registers, Papers, Books, Records, Forms, Returns, Declarations, Disclosures and other related documents of Shaily Engineering Plastics Ltd. ("Company"), having CIN: L51900GJ1980PLC065554, situated at Survey No. 364/366, At & Po. Rania, Taluka Savli, Vadodara – 391 780, Gujarat, India, as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V - Para C - Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, its officers and representatives, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on 31 March 2021, have been debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Original Date of Appointment
1.	Mr. Amit Mahendra Sanghvi	00022444	1 October 2011
2.	Mr. Jiten Prataprai Mathuria*	00297090	18 May 2019
3.	Mr. Laxman Bhogilal Sanghvi	00022977	9 March 1995
4.	Mr. Mahendra Bhogilal Sanghvi	00084162	9 March 1995
5.	Mr. Milin Kaimas Mehta	01297508	8 November 2014
6.	Mr. Ranjit Singh	01651357	18 May 2019
7.	Mr. Sarup Choudhary#	00004439	29 May 2006
8.	Mr. Shailesh Kripalu Ayyangar	00268076	29 May 2020
9.	Ms. Tilottama Mahendra Sanghvi	00190481	9 March 1995
10.	Ms. Varsha Vasant Purandare	05288076	29 May 2020

*Mr. Jiten Prataprai Mathuria has resigned effective from August 06, 2020 (closure of business hours).

Mr. Sarup Choudhary ceased to be director with effect from 26 September 2020 on account of completion of tenure.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

PR#:1079/2021

FCS No. 3677; CP No. 2863

UDIN: F003677C00389821

Place: Vadodara

Date : 29 May 2021

Code of Conduct

The Board has adopted a Code of Conduct for all the Board Members and Senior Management Personnel of the Company and the said code of conduct is posted on the website of the Company (www.shaily.com). A declaration signed by the Managing Director on behalf of the Board of Directors is given below :

“We hereby confirm that :

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended on 31 March 2021 and the copy of the code of conduct is put on the website of the Company at www.shaily.com.

On behalf of the Board of Directors

Amit Sanghvi

Managing Director

DIN : 00022444

Financial Statements

75-124



INDEPENDENT AUDITORS' REPORT

To the Members of Shaily Engineering Plastics Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shaily Engineering Plastics Ltd. ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Key Audit Matters

Description of Key Audit Matter

Revenue recognition

See note 20 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>Revenue from the sale of goods has been recognised when the control of the goods is transferred which is generally in accordance with the terms of sales contracts.</p> <p>We have identified the recognition of revenue as key audit matter because revenue is a key performance indicator of Company, and therefore there is an inherent risk that revenue is overstated to meet financial expectations or targets. The Company has various customers with different terms of trade which increase the risk of error in the timing of revenue recognition.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Obtain understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal financial controls in relation to revenue recognition Inspecting customer contracts, on random sample basis, to identify the terms and conditions relating to the transfer of control of the products sold and assessing the Company's timing of revenue recognition Comparing on random sample basis revenue transactions recorded before the financial year end with relevant underlying documents including gate outward register and shipping documents to assess whether revenue has been recognised in the appropriate financial period and Circulation of selected balance confirmation to customers on random sample basis and reconciling the differences if any on amounts confirmed by customer and amounts recorded by management.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, Corporate Governance Report and Management discussion and Analysis included in Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends

to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

INDEPENDENT AUDITORS' REPORT

Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best

of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 34 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on derivative contracts. The Company did not had any long term contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from

INDEPENDENT AUDITORS' REPORT

8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section

197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No : 116231W/W-100024

Jeyur Shah

Partner

Membership No: 045754

UDIN: 21045754AAAACC7110

Place: Ahmedabad

Date: 29 May 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2021

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report the following:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment. However, details with respect to quantity needs to be updated for certain categories of property, plant and equipment.
- b) The Company has a regular programme of physical verification of its property, plant and equipment by which all the property, plant and equipment are verified in phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified its property, plant and equipment during the year and we are informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

In respect of immovable properties been taken on lease and disclosed under property, plant and equipment in the financial statements, the lease arrangements are in the name of the Company.

- (ii) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Ltd. Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. In our opinion, and according to the

information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respects of investment made.

- (v) According to the information and explanations given to us, the Company has not accepted deposits during the year as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including employees' state insurance, provident fund, income-tax, goods and service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no material undisputed amounts payable in respect of employees' state insurance, income-tax, goods and service tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable except in case of Provident fund where amount of ₹ 8.50 Lacs is outstanding for more than six months as at 31 March 2021.

Pending clarity on the matter as explained in Note 34 to the Financial Statements, the Company is currently unable to determine the extent of arrears of provident fund.

- b) According to the information and explanations given to us, there are no dues of duty of custom, income tax, goods and service tax and other material statutory dues that have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2021

Sr. No	Name of the Statute	Nature of Dues	Period to which it relates	Amount demanded (₹ in lakhs)	Forum where dispute is pending	Amount unpaid/ Refund withheld (₹ In Lakhs)
1	Central Excise Act, 1944	Excise Duty	2007-08 to 2009-10	52.27	The Hon' ble Supreme Court	52.27
2	Finance Act, 1994	Service Tax	2004-05 to 2016-17	41.95	Commissioner of Customs, Excise and Service Tax(Appeals)	41.95
3	Finance Act, 1994	Service Tax	2009-10 to 2012-13	7.22	Customs, Excise & Service Tax Appellate Tribunal	6.48
4	Finance Act, 1994	Service Tax	2007-08 to 2015-16	21.93	Additional Commissioner of Excise and Service Tax	20.06
5	The Income Tax Act, 1961	Income Tax	2007-08	2.46	Commissioner of Income Tax (Appeal)	2.46
6	The Income Tax Act, 1961	Income Tax	2017-18	0.08	Income Tax Appellate Tribunal	0.08
7	Gujarat Value Added Tax, 2003	VAT	1996-97	5.74	Commercial Tax Dept, Halol	5.74
8	Customs Act, 1962.	Custom Duty	2009-10 to 2017-18	97.84	Commissioner of Customs, (Appeals), Mumbai	-
9	Finance Act, 1994	Service Tax	2014-2016	185.74	Commissioner Appeals, CGST & Central Excise, Vadodara	171.81

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to the banks. The Company did not have any outstanding loans and borrowings to Government, Financial institution and debenture holders.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company during the year have been applied for the purpose for which they are raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No : 116231W/W-100024

Jeyur Shah

Partner

Place: Ahmedabad

Date: 29 May 2021

Membership No: 045754

UDIN: 21045754AAAACC7110

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF SHAILY ENGINEERING PLASTICS LTD. FOR THE YEAR ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(REFERRED TO IN PARAGRAPH 2(A)(f) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

Opinion

We have audited the internal financial controls with reference to financial statements of Shaily Engineering Plastics Ltd. ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**
Chartered Accountants

Firm's Registration No : 116231W/W-100024

Jeyur Shah
Partner

Place: Ahmedabad
Date: 29 May 2021

Membership No: 045754
UDIN: 21045754AAAACC7110

BALANCE SHEET AS AT 31 MARCH 2021

Particulars	Note	(in ₹ lacs)	
		As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	22,085.72	15,493.06
b) Capital work-in-progress	3	2,305.49	3,719.00
c) Other intangible assets	4	598.19	214.69
d) Intangible assets under development	4	731.27	876.46
e) Financial assets			
i. Investments	5	0.08	20.06
ii. Loans	12	45.38	45.26
iii. Other financial assets	6	541.22	738.60
f) Income tax assets (net)		399.94	323.66
g) Other non-current assets	7	2,313.66	1,395.30
Total non-current assets		29,020.95	22,826.09
Current assets			
a) Inventories	8	6,686.86	4,968.82
b) Financial assets			
i. Trade receivables	9	6,953.43	6,102.51
ii. Cash and cash equivalents	10	98.25	702.33
iii. Bank balances other than cash and cash equivalents	11	193.37	281.81
iv. Loans	12	27.41	18.67
v. Other financial assets	6	485.13	648.73
c) Other current assets	7	3,238.88	2,598.03
Total current assets		17,683.33	15,320.90
TOTAL ASSETS		46,704.28	38,146.99
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	13(a)	831.84	831.84
b) Other equity	13(b)	17,354.71	15,106.34
TOTAL EQUITY		18,186.55	15,938.18
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i. Borrowings	14	12,836.39	7,211.64
ii. Other financial liabilities	19	212.56	149.78
b) Provisions	16	157.23	145.99
c) Deferred tax liabilities (Net)	27(c)	1,027.47	734.17
d) Other non-current liabilities	17	34.50	35.97
Total non-current liabilities		14,268.15	8,277.55
Current liabilities			
a) Financial liabilities			
i. Borrowings	15	4,487.17	5,055.24
ii. Trade payables	18		
(a) total outstanding dues of micro enterprises and small enterprises		447.46	333.74
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		4,211.37	4,859.83
iii. Other financial liabilities	19	4,018.17	2,234.33
b) Other current liabilities	17	999.69	1,379.78
c) Provisions	16	85.72	68.34
Total current liabilities		14,249.58	13,931.26
TOTAL LIABILITIES		28,517.73	22,208.81
TOTAL EQUITY AND LIABILITIES		46,704.28	38,146.99
Notes forming part of the Financial Statements	1-46		

In terms of our report attached

For B S R & Associates LLP

Chartered Accountants
Firm's Registration
No: 116231 W/W-100024

Jeyur Shah

Partner
Membership No: 045754

Ahmedabad, 29 May 2021

For and on Behalf of the Board of Directors

Shaily Engineering Plastics Limited

CIN : L51900GJ1980PLC065554

Amit Sanghvi

Managing Director
DIN: 00022444

Vadodara, 29 May 2021

Laxman Sanghvi

Executive Director
DIN: 00022977

Chintan Shah

Chief Financial
Officer

Preeti Sheth

Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
INCOME			
Revenue from operations	20	36,059.64	33,604.23
Other income	21	258.07	99.07
Total income		36,317.71	33,703.30
EXPENSES			
Cost of materials consumed	22(a)	22,714.26	19,906.40
Changes in inventories of finished goods and work-in-progress	22(b)	(1,188.44)	(115.88)
Power and fuel		1,793.76	1,737.37
Employee benefits expense	23	3,422.48	2,596.62
Finance costs	24	1,272.82	1,049.90
Depreciation and amortisation expense	25	1,952.60	1,789.32
Other expenses	26	3,361.88	3,669.80
Total expenses		33,329.36	30,633.53
Profit before tax		2,988.35	3,069.77
Income tax expense			
- Current tax	27	522.76	766.03
- Deferred tax	27	263.51	(55.28)
Total tax expense		786.27	710.75
Profit for the year		2,202.08	2,359.02
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Reameasurements of post employment benefit obligations		(24.93)	(9.85)
- Income tax relating to above		6.27	2.87
Items that will be reclassified to profit or loss			
- Effective portion of gains/(losses) on hedging instrument in cash flow hedges		86.80	(38.99)
- Income tax relating to above		(21.85)	11.35
Other Comprehensive Income/(Loss) net of income tax for the year		46.29	(34.62)
Total Comprehensive Income for the year		2,248.37	2,324.40
Earning per Equity Share (Face value of ₹ 10 each)			
Basic and Diluted	37	26.47	28.36
Notes forming part of the Financial Statements	1-46		

In terms of our report attached

For B S R & Associates LLP

Chartered Accountants
Firm's Registration
No: 116231 W/W-100024

Jeyur Shah
Partner
Membership No: 045754

Ahmedabad, 29 May 2021

For and on Behalf of the Board of Directors

Shaily Engineering Plastics Limited

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Vadodara, 29 May 2021

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DIN: 00022977

Chintan Shah
Chief Financial
Officer

Preeti Sheth
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		2,988.35	3,069.77
Adjustments for:			
Depreciation and amortisation expense	3	1,952.60	1,789.32
(Gain)/Loss on sale of property, plant and equipment	26	(0.80)	2.54
Interest income	21	(25.16)	(14.16)
Write down of inventory	8	83.16	-
Finance costs	24	1,272.82	1,049.90
Allowance for expected credit losses	26	15.07	37.06
Net unrealised exchange (gain)/loss	21	(179.40)	94.88
Bad debt written off	21	-	6.90
Operating profit before working capital changes		6,106.64	6,036.21
Adjustments for:			
(Increase)/decrease in trade receivables	9	(850.92)	(185.84)
(Increase)/decrease in other receivables and advances	7	(622.87)	(960.66)
(Increase)/decrease in inventories	8	(1,801.20)	(659.72)
(Increase)/decrease in other financial assets	6	594.53	639.04
Increase/(decrease) in trade payables	18	(534.73)	1,866.37
Increase/(decrease) in other liabilities and provisions	17	(46.41)	764.01
Cash generated from operations		2,845.04	7,499.41
Taxes paid (net of refunds)		(599.07)	(899.40)
Net cash generated from operating activities		2,245.97	6,600.01
B CASH FLOW FROM INVESTING ACTIVITIES			
Payment for purchases of property, plant and equipment (including capital advances and capital creditors)	3	(7,484.28)	(5,418.97)
Payment for purchases of intangibles and Intangibles under development		(819.08)	(825.49)
Proceeds from disposal of property, plant and equipment	3	2.53	1.79
Interest received	21	21.69	14.32
Bank balances not considered as cash and cash equivalents	11	88.44	(155.78)
Net cash flow (used in) investing activities		(8,190.70)	(6,384.13)
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		8,259.77	3,603.54
Repayment of long term borrowings		(1,100.30)	(2,161.07)
Proceeds/(Repayment) of working capital loans (net)		(568.08)	(51.35)
Payment of dividend (including tax thereon)		-	-
Finance costs paid	24	(1,252.74)	(962.15)
Net cash flow generated from financing activities		5,338.65	428.97

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
D NET INCREASE IN CASH AND CASH EQUIVALENTS		(606.08)	644.85
Cash & cash equivalents as at beginning of the year		702.33	54.96
Effect of exchange rate changes on cash & cash equivalents held in foreign currencies		2.00	2.52
Cash & cash equivalents as at end of the year		98.25	702.33
Reconciliation of cash & cash equivalents as per financial statement :			
Cash & cash equivalents comprise :			
a) Balances with banks			
In current accounts		47.38	562.07
In EEFC accounts		46.48	136.23
b) Cash on Hand		4.39	4.03
Total		98.25	702.33

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flows

In terms of our report attached

For B S R & Associates LLP

Chartered Accountants
Firm's Registration
No: 116231 W/W-100024

Jeyur Shah
Partner
Membership No: 045754

Ahmedabad, 29 May 2021

For and on Behalf of the Board of Directors

Shaily Engineering Plastics Limited
CIN : L51900GJ1980PLC065554

Amit Sanghvi
Managing Director
DIN: 00022444

Vadodara, 29 May 2021

Laxman Sanghvi
Executive Director
DIN: 00022977

Chintan Shah
Chief Financial
Officer

Preeti Sheth
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

EQUITY SHARE CAPITAL

Particulars	(in ₹ lacs)
	Amount
As at 31 March 2019	831.84
Changes in equity share capital	-
As at 31 March 2020	831.84
Changes in equity share capital	-
As at 31 March 2021	831.84

OTHER EQUITY

Particulars	Reserves and surplus					Total other equity
	Securities premium	General reserve	Capital reserve	Cash flow hedge reserve	Retained earning	
As at 1 April 2019	3,207.51	191.58	92.91	-	9,289.92	12,781.92
Profit for the year	-	-	-	-	2,359.02	2,359.02
Other comprehensive income/(Loss) (Net of tax)	-	-	-	(27.63)	(6.97)	(34.60)
Total comprehensive income for the year	-	-	-	(27.63)	2,352.05	2,324.42
Transactions with owners						
Dividends (including dividend distribution tax)	-	-	-	-	-	-
As at 31 March 2020	3,207.51	191.58	92.91	(27.63)	11,641.97	15,106.34
As at 1 April 2020	3,207.51	191.58	92.91	(27.63)	11,641.97	15,106.34
Profit for the year	-	-	-	-	2,202.08	2,202.08
Other comprehensive income/(Loss) (Net of tax)	-	-	-	64.95	(18.66)	46.29
Total comprehensive income for the year	-	-	-	64.95	2,183.42	2,248.37
As at 31 March 2021	3,207.51	191.58	92.91	37.32	13,825.39	17,354.71

Nature and purpose of other reserves

1. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

2. General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

3. Capital reserve

Capital reserve relates to the balance towards merger of Anmol Trading Company on 1 April 2001.

4. Cash flow hedge reserve

The Company has designated its hedging instruments as cash flow hedges and any effective portion of cashflow hedge is maintained in the said reserve. In case the hedging becomes ineffective, the amount is recognised in the Statement of Profit and Loss.

In terms of our report attached

For B S R & Associates LLP

Chartered Accountants
Firm's Registration
No: 116231 W/W-100024

Jeyur Shah
Partner
Membership No: 045754

Ahmedabad, 29 May 2021

For and on Behalf of the Board of Directors

Shaily Engineering Plastics Limited
CIN : L51900GJ1980PLC065554

Amit Sanghvi
Managing Director
DIN: 00022444

Vadodara, 29 May 2021

Laxman Sanghvi
Executive Director
DIN: 00022977

Chintan Shah
Chief Financial
Officer

Preeti Sheth
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: CORPORATE INFORMATION

Shaily Engineering Plastics Limited (“the Company”) is a public Company, limited by shares, incorporated and domiciled in India under the provisions of Companies Act, applicable in India, with its registered office in Savli, District Vadodara, Gujarat. Its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company is engaged in the manufacture and sale of customised components made up of plastic and other materials. The Company’s manufacturing facilities are at Savli and Halol, Vadodara, Gujarat.

NOTE 2 - I: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Compliance with Ind AS

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit plans - plan assets measured at fair value.
- certain financial assets and liabilities that are measured at fair value.

b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assesses the financial performance and position of the Company, and makes strategic decisions. The managing director has been identified as being the chief operating decision maker. Refer Note 32 for segment information.

c) Foreign currency transactions and translations

(i) Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Indian rupee (₹), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss. Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other incomes/expenses.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs.

d) Revenue and income recognition

Revenue Recognition

Revenue from sale of goods is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes discounts, incentives, volume rebates, goods & services tax and amounts collected on behalf of third parties. In determining the transaction price, the Company considers below, if any:

Variable consideration:

This includes discounts, incentives, volume rebates, etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Contract balances

Trade receivables: A receivable represents the Company’s right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company delivers performance obligation under the contract.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Export incentive available under prevalent scheme is accrued in the year when the right to receive credit as per the term of scheme is established in respect of exports made and accounted to the extent there is no significant uncertainty about the measurability and ultimate utilisation of such duty credit. The same forms part of other non operating income of the Company.

f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India.

Deferred tax is provided, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally

enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g) Leases

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As per Ind AS 116 a right-of-use asset and a lease liability is to be recognised at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. The lease liability is subsequently remeasured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities as all the leases fall in the definition of short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

h) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packing materials and fuels comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour, other direct costs related to the production. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

During the year, the Company has changed its method of valuing inventory to the Weighted Average Cost method(WAC) as against First-In-First-Out method(FIFO) followed in earlier years. The Company believes that the WAC method of inventory valuation is preferable because (1) the WAC method results in the valuation of inventories at moving average costs on the balance sheet, which provides a more meaningful presentation, and (2) the change confirms to the industry best practices. In accordance with IndAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the Company has determined the impact of the change in accounting policy and the same is not material.

k) Financial assets and liabilities

(i) Financial assets

1. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial assets other than equity instruments

For financial assets other than equity, the classification depends on contractual terms of the cash flows and on the business model in which the financial asset is held. The Company reclassifies the financial assets other than equity when and only when its business model for managing those assets changes.

Financial assets that are equity instruments

2. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Financial assets other than equity instruments

Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at fair value through profit or loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Currently, the Company holds no "other than equity instrument" financial assets that are classified as fair value through other comprehensive income.

Financial assets that are equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3. Impairment of financial assets

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost which includes trade receivables, security deposits etc. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment methodology applied on other financial assets depends on whether there has been a significant increase in credit risk.

4. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(ii) Financial liabilities:

1. Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus transaction costs that are directly attributable to the issue of the financial liability in case its classification is amortised cost.

The Company has no financial liabilities that are measured at fair value through profit or loss.

2. Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method.

Trade and other payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current financial liabilities unless payment is not due within 12 months after the reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

m) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are in accordance with Schedule II to the Companies Act, 2013. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other incomes/expenses.

Classes of assets and their estimated useful lives:

Nature	Useful Life
Temporary Structure	3
Factory Building	30
Plant & Machinery	15
Tools and Equipments	5-15
Electrical Installation	10
Furniture & Fixtures	10
Office equipment	5
Computer Hardware	3
Vehicles	8

n) Intangible assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Company has estimated useful life for computer software at 3 years and for patents and copyrights at 10 years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

o) Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

p) Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

q) Provisions

Provisions are recognised when there is present obligation (legal or constructive) as a result of a past event, it is probable that company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

These estimates are reviewed at each balance sheet date and adjusted to reflect the current best assessments.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence

of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent Assets are not recognised but are disclosed in the notes to Financial Statements when economic inflow is probable.

r) Employees Benefits

(i) Short-term obligations

Liabilities for wages and salaries and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Long-term obligations

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, and
- defined contribution plans such as provident fund and superannuation fund

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

a) Defined benefit plans

The employees' gratuity fund scheme managed by HDFC Standard Life Insurance is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Remeasurements of net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any excluding interest) are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost or past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on settlement of a defined benefit plan when the settlement occurs.

b) Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds and employee state insurance corporation (ESIC) as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Superannuation Fund Contribution towards superannuation fund for qualifying employees as per the Company's policy is made to Life Insurance Corporation of India where the Company has no further obligations. Such benefits are classified as

Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

s) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

t) Dividends

Dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period is recognised at period end.

u) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs upto two decimals as per the requirement of Schedule III, unless otherwise stated.

w) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

x) Derivative and Hedging Activities

The Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations associated with borrowings (cash flow hedges). When the Company opts to undertake hedge accounting, the Company documents, at the inception of the hedging transaction, the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows or fair values of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the

derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, is recognised through OCI and as cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in equity are reclassified to the Statement of Profit and Loss on settlement.

When the hedged forecast transaction results in the recognition of a non-financial asset, the amounts accumulated in equity with respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the Statement of Profit and Loss as the hedged item affects profit or loss. When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively and any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately transferred to the Statement of Profit and Loss.

NOTE 2 - II: CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The area involving critical estimates or judgements is:

- **Employee benefit plans – Note 16**

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

- **Embedded lease arrangement – Note 41**

The Mould required with respect to the arrangement with customer for customise manufacturing, is identified as embedded lease arrangement, as per Note 41, considering commitment by the customer in agreement with the Company. Over this period, customer commits to purchase definite quantity of product from the Company at fixed price per unit, failing which customer commits to pay to the Company for the unsold quantity of the product) at such fixed rate per unit.

- **Useful lives and residual value of property, plant and equipment**

The Company reviews the useful life and residual value

of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Expected Credit Loss**

In accordance with Ind AS 109, the Company follows 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rate are reviewed and changes in the forward-looking estimates are analysed.

- **Income taxes**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

NOTE-3 RECENT ACCOUNTING DEVELOPMENTS

MCA issued notifications dated 24 March 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Particulars	(₹ in Lacs)															
	Freehold Land	Leasehold Land (Refer note i)	Buildings	Plant and Machinery	Plant and Machinery - R&D	Electrical Installations	Electrical Installations - R&D	Tools and Equipment	Tools and Equipment - R&D	Furniture and Fixtures	Office Equipment	Computer Hardwares	Roads	Vehicles	Total	Capital work-progress
Gross carrying amount as 1 April 2019	1,878.09	9.20	4,058.43	9,449.43	-	943.39	-	1,351.03	-	200.08	88.45	93.27	18.24	427.06	18,516.67	270.46
Additions	2.48	-	122.97	836.57	56.32	114.72	-	1,454.22	6.47	16.43	8.72	58.17	-	150.03	2,827.10	6,275.64
Disposals/Capitalisation	-	-	-	(86.58)	-	-	-	-	-	-	-	-	-	-	(86.58)	(2,827.10)
Cost as at 31 March 2020	1,880.57	9.20	4,181.40	10,199.42	56.32	1,058.11	-	2,805.25	6.47	216.51	97.17	151.44	18.24	577.09	21,257.19	3,719.00
Accumulated Depreciation as at 1 April 2019	-	-	353.47	3,004.71	-	205.72	-	306.98	-	88.21	22.57	37.45	17.10	82.75	4,118.96	-
Depreciation for the year	-	-	164.87	1,195.79	1.05	92.98	-	152.36	0.08	17.59	16.16	28.82	0.00	57.71	1,727.41	-
Disposals	-	-	-	(82.24)	-	-	-	-	-	-	-	-	-	-	(82.24)	-
Accumulated Depreciation as at 31 March 2020	-	-	518.34	4,118.26	1.05	298.70	-	459.34	0.08	105.80	38.73	66.27	17.10	140.46	5,764.13	-
Net carrying amount as at 31 March 2020	1,880.57	9.20	3,663.06	6,081.16	55.27	759.41	-	2,345.91	6.39	110.71	58.44	85.17	1.14	436.63	15,493.06	3,719.00
Gross carrying amount as 1 April 2020	1,880.57	9.20	4,181.40	10,199.42	56.32	1,058.11	-	2,805.25	6.47	216.51	97.17	151.44	18.24	577.09	21,257.19	3,719.00
Additions	-	-	2,643.41	3,652.47	142.85	311.47	3.76	1,387.12	74.48	32.17	40.81	67.11	2.12	90.57	8,448.34	7,034.83
Disposals/Capitalisation	-	-	-	(14.37)	-	-	-	-	-	-	-	-	-	(20.40)	(34.77)	(8,448.34)
Cost as at 31 March 2021	1,880.57	9.20	6,824.81	13,837.52	199.17	1,369.58	3.76	4,192.37	80.95	248.68	137.98	218.55	20.36	647.26	29,670.76	2,305.49
Accumulated Depreciation as at 1 April 2020	-	-	518.34	4,118.26	1.05	298.70	-	459.34	0.08	105.80	38.73	66.27	17.10	140.46	5,764.13	-
Depreciation for the year	-	-	193.80	1,189.22	9.96	108.50	0.33	189.35	3.96	21.42	17.64	45.32	0.23	74.22	1,853.95	-
Disposals	-	-	-	(13.66)	-	-	-	-	-	-	-	-	-	(19.38)	(33.04)	-
Accumulated Depreciation as at 31 March 2021	-	-	712.14	5,293.82	11.01	407.20	0.33	648.69	4.04	127.22	56.37	111.59	17.33	195.30	7,585.04	-
Net carrying amount as at 31 March 2021	1,880.57	9.20	6,112.67	8,543.70	188.16	962.38	3.43	3,543.68	76.91	121.46	81.61	106.96	3.03	451.96	22,085.72	2,305.49

Notes:

- The Company has acquired land for 99 years lease with an option to continue for another 99 years.
- Refer note 39 for assets pledged as security.
- Refer note 34 for disclosure of contractual obligations for acquisition of plant, property and equipment.
- Additions include borrowing cost of ₹369.49 lacs (PY ₹152.19 lacs) capitalised (including under capital work in progress of ₹67.81 lacs (PY ₹131.26 lacs) using the rates based on specific borrowings ranging from 7.25% to 12.35%.
- During the year ended 31 March 2021 capital work in progress includes mainly plant & machinery, tools and equipments, building, electrification and pre-operative expenses for New business projects expansion
- Additions during the year ended 31 March 2021 includes research and development assets (tangible assets) of ₹221.08 lacs (PY ₹62.78 lacs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 4 - INTANGIBLE ASSETS

(₹ in Lacs)

Particulars	Copyright & Patents	Computer Software	Computer Software - R&D	Total (A)	Intangible under development (B)
Cost as at 1 April 2019	38.24	129.18	17.55	184.97	224.05
Additions	76.44	96.63		173.07	652.41
Cost as at 31 March 2020	114.68	225.81	17.55	358.04	876.46
Accumulated amortisation as at 1 April 2019	5.40	70.97	5.10	81.47	-
Amortisation charge for the year	5.10	56.69	0.10	61.89	-
Accumulated amortisation as at 31 March 2020	10.50	127.66	5.20	143.36	-
Net carrying amount as at 31 March 2020	104.18	98.15	12.35	214.68	876.46
Cost as at 1 April 2020	114.68	225.81	17.55	358.04	876.46
Additions	344.42	126.35	11.37	482.14	336.95
Capitalisation	-	-	-	-	482.14
Cost as at 31 March 2021	459.10	352.16	28.92	840.18	731.27
Accumulated amortisation as at 1 April 2020	10.50	127.66	5.20	143.36	-
Amortisation charge for the year	83.58	12.15	2.90	98.63	-
Accumulated amortisation as at 31 March 2021	94.08	139.81	8.10	241.99	-
Net carrying amount as at 31 March 2021	365.02	212.35	20.82	598.19	731.27

- (i) Additions during the year ended 31 March 2021 includes research and development assets (Intangible assets) of ₹11.37 lacs (PY ₹ NIL) and net block of ₹ 9.67 lacs (PY ₹ NIL).

NOTE 5 - NON-CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Investment in equity instruments (fully paid-up) at FVOCI (Unquoted)		
119000 Shares of Panax Appliances Pvt. Ltd. fully paid up (PY : 119,000) Equity Shares of ₹10/- each	11.90	11.90
Less : Impairment allowances for investment	(11.90)	(11.90)
	-	-
325 Shares of The Citizen Co-Operative Credit Society Ltd., fully paid up (PY 325) Equity shares of ₹ 25 each	0.08	0.08
Total (equity instruments)	0.08	0.08
Investment in Preference shares (fully paid up) at amortised cost (Unquoted)		
871000 6 % Cummulative Redeemable Preference Shares of ₹ 4/- each of Panax Appliances Pvt. Ltd. fully paid up (PY : 871,000 at ₹ 4/- each)	27.04	27.04
Less : Impairment allowances for investment	(27.04)	(7.06)
	-	19.98
Total (preference shares)	-	19.98
Total investments	0.08	20.06
Aggregate amount of unquoted investments	39.02	39.02
Aggregate amount of Impairment in value of investment	38.94	18.96

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 6 - OTHER FINANCIAL ASSETS

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Non-current		
Finance lease receivable	177.92	554.35
Derivative asset	363.30	184.25
Total non-current	541.22	738.60
Current		
Interest accrued on deposits	6.55	3.09
Finance lease receivable	376.43	645.64
Derivative asset	102.15	-
Total current	485.13	648.73

NOTE 7 - OTHER ASSETS

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital advances	2,178.46	1,236.83
Balances with government authorities		
i) CENVAT credit receivable	3.14	3.14
ii) VAT/GST credit receivable	-	23.27
iii) Service tax credit receivable	33.03	33.03
iv) Custom duty paid under protest	99.03	99.03
Total Non-Current	2,313.66	1,395.30
Current		
Prepaid expenses	263.04	220.11
Contract assets*	144.27	145.45
Advance to suppliers	404.33	518.41
Balances with government authorities		
i) VAT/GST credit receivable	1,874.99	979.42
ii) Advance import duty	67.01	156.11
iii) FPS & MEIS (DGFT) import license receivable	479.74	566.22
iv) Others	5.50	12.31
Total Current	3,238.88	2,598.03

*Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

NOTE 8 - INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Raw materials and components	3,650.25	3,243.96
(Goods in transit ₹ 483.17 lacs 31 March 2021; ₹ 446.65 lacs 31 March 2020)		
Work-in-progress	1,396.02	690.12
Finished goods	1,303.90	821.36
Stores and spares	104.53	41.72
Packing materials	232.16	171.66
Total	6,686.86	4,968.82

The Company follows suitable provisioning norms for written down the value of inventories towards slow moving, non moving and surplus inventory. Write down of inventories during the year is ₹ 83.16 lacs (31 March 2020 is ₹ Nil)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 9 - TRADE RECEIVABLES

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Considered good - secured	-	-
Considered good - unsecured	6,953.43	6,102.51
Significant increase in credit risk	53.82	73.21
Total	7,007.25	6,175.72
Loss allowance	(53.82)	(73.21)
Total Trade Receivable	6,953.43	6,102.51

NOTE 10 - CASH AND CASH EQUIVALENTS

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
a) Balances with banks		
In current accounts	47.38	562.07
In EEFC accounts	46.48	136.23
b) Cash on Hand	4.39	4.03
Total	98.25	702.33

NOTE 11 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
In earmarked accounts		
Unpaid dividend accounts	2.77	2.77
Balances held as margin money (less than 12 months but more than 3 months maturity)*	190.60	279.04
Total	193.37	281.81

* Balance held as margin money are pertaining to deposits marked as lien against letter of credit and bank guarantee.

NOTE 12 - LOANS (UNSECURED, CONSIDERED GOOD)

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Non-current		
Security deposits	45.38	45.26
Current		
Loan to employees	27.41	18.67
Total	72.79	63.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 13 (A) - SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

Particulars	(in ₹ lacs)	
	Number of shares	Amount
(i) Authorised share capital		
As at 31 March 2020(Equity shares of ₹ 10 each)	16,000,000	1,600.00
As at 31 March 2021(Equity shares of ₹ 10 each)	16,000,000	1,600.00
(ii) Issued,Subscribed & fully paid up		
As at 31 March 2020(Equity shares of ₹ 10 each)	8,318,430	831.84
As at 31 March 2021(Equity shares of ₹ 10 each)	8,318,430	831.84

(iii) Reconciliation of number of shares

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount ₹ lacs	Number of shares	Amount ₹ lacs
Equity shares				
Opening balance	8,318,430	831.84	8,318,430	831.84
Issued during the year	-	-	-	-
Closing balance	8,318,430	831.84	8,318,430	831.84

(iv) Terms and rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10 each. Each holder of Equity share is entitled to one vote per share.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company.

The distribution will be in proportion to the number of equity shares held by the shareholders.

(v) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% Holding	Number of shares	% Holding
Mahendra Sanghvi	811,335	9.75%	811,335	9.75%
Tilottama Sanghvi	1,287,715	15.48%	1,287,715	15.48%
Laxman Sanghvi	476,424	5.73%	476,424	5.73%
Jayessh Shah	762,231	9.16%	762,231	9.16%
Ashish Kacholia	599,696	7.21%	599,696	7.21%
HDFC Small cap fund	710,796	8.54%	710,796	8.54%

(vi) No equity shares are issued as bonus shares or for consideration other than cash or have been bought back in previous five financial years

NOTE 13 (B) - OTHER EQUITY

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
(a) Securities premium		
Opening balance	3,207.51	3,207.51
Utilised	-	-
Closing balance	3,207.51	3,207.51

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
(b) Capital reserve		
Opening balance	92.91	92.91
Transfer from/to retained earnings	-	-
Closing balance	92.91	92.91
(c) General reserve		
Opening balance	191.58	191.58
Transfer from/to retained earnings	-	-
Closing balance	191.58	191.58
(d) Cash flow hedge reserve		
Opening balance	(27.63)	-
Addition during the year	64.95	(27.63)
Closing balance	37.32	(27.63)
(e) Retained earnings		
Opening balance	11,641.97	9,289.92
Profit for the year	2,202.08	2,359.02
Item of other comprehensive income	(18.66)	(6.97)
Closing balance	13,825.39	11,641.97
Total	17,354.71	15,106.34

For details of nature and purpose of each reserve, please refer Statement of changes in equity.

NOTE 14 - NON-CURRENT BORROWINGS

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Term loans:		
Rupee currency from banks	9,663.92	5,470.98
Foreign currency from banks	3,118.06	1,660.99
Vehicle loan	40.56	65.82
Unsecured*		
Loan from directors	13.85	13.85
Total	12,836.39	7,211.64

*Refer Note No 33 on Related Party Disclosure

(in ₹ lacs)

	Maturity and terms of repayment	Coupon Rate	As at 31 March 2021	As at 31 March 2020
Term loans				
Rupee Currency		7.25% to 12.35% PY 8.95% to 12.35%	11,488.29	6,475.90
HDFC Term loan	TL-3 Quarterly installment of ₹ 166.67 lacs till Jan 2025 TL-4 Quarterly installment of ₹ 111.11 lacs from Apr 2021 till Jul 2025 TL New - Quarterly installment of ₹ 83.31 lacs from Apr 2021 till Jul 2025 GECL WCDL Loan - Monthly installment of ₹ 30.94 lacs from Apr 2022 till Feb 2026			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

	Maturity and terms of repayment	Coupon Rate	As at 31 March 2021	As at 31 March 2020
SBI	TL-2 Quarterly installment of ₹ 190 lacs from Dec 2021 to Mar 2022, remaining quarterly installments of ₹ 195 lacs from Jun 2022 to Mar 2026			
SCB	GECL WCDL Loan - Monthly installment of ₹ 7.91 lacs from Apr 2022 till Mar 2026			
Foreign Currency				
SCB	ECB-1 Quarterly installment of Euro 1.25 lacs From May 2021 till Feb 2025 ECB-2 Quarterly installment of Euro 1.56 lacs from Aug 2021 till May 2025	3 months EURIBOR + 3% PY 3 months EURIBOR + 3%	3,874.45	1,660.99
Other Loans (Vehicle Loans)	Monthly installment of ₹ 5.64 lacs till May 2021 Monthly installment of ₹ 2.99 lacs till Nov 2022 Monthly installment of ₹ 0.91 lacs till Dec 2023	7.81% to 9.06% PY 8.76% to 9.06%	92.61	158.99
Total non-current borrowings			15,455.35	8,295.88
Less: Current maturities of long-term debt (included in note 19)			(2,632.81)	(1,098.09)
Loan from directors		12.50% PY 12.50%	13.85	13.85
Non-current borrowings			12,836.39	7,211.64

Security-

Term loans from banks are secured by first pari passu charge over entire property, plant and equipments of the Company and second pari passu charge over entire current assets of the Company.

Term Loans from financial institution was secured by first pari passu charge with existing term lender on all fixed assets (movable and immovable) belonging to the borrower except tooling assets, second pari passu charge on all the current assets with all existing working capital lenders and hypothecation of specified accounts of borrower (operated by security trustee)

Foreign Currency Loan from Bank is secured by first pari passu charge with existing term lender over entire property, plant and equipment of the Company and second pari passu charge on all the current assets with all existing working capital lenders.

Also refer to Note No. 38 & 39 for further details.

In case of other loans (Vehicle Loans), Vehicles purchased are hypothecated with the lender.

NOTE 15 - CURRENT BORROWINGS

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand (Secured)		
From banks		
Cash / Packing credit	3,996.04	4,707.82
Bill discounting	491.13	347.42
Total	4,487.17	5,055.24

Cash/Packing credit and bill discounting facilities from banks are secured by hypothecation of all current assets of the Company, present and future, such as inventories, receivables, loans and advances, etc. Cash/Packing credit and bill discounting are further secured by second pari passu charges over entire property, plant and equipments of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 39.

NOTE 16 - PROVISIONS

Employee Benefit Provisions

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Non-Current		
Provision for compensated absences	157.23	145.99
Total Non-Current	157.23	145.99
Current		
Provision for compensated absences	85.72	68.34
Total Current	85.72	68.34

Defined contribution plans

The Company makes Provident Fund and Superannuation Fund Contributions to defined contribution plans for qualifying employees. The Provident fund plan is operated by the Regional provident fund Commissioner. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary (i.e @12% is employer's contribution and @12% employee's contribution) as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The Company recognised year ended 31 March 2021 ₹ 281.13 lacs (Year ended 31 March 2020 ₹ 201.50 lacs) for Provident Fund contributions, contribution towards Employee State Insurance scheme and other funds in the Statement of Profit and Loss.

Defined benefit plans

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.

Compensated absences

Provision for compensated absences covers the liability for sick and earned leave. Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders the related services are measured at the present value of expected future payments to be made in respect of such services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The amount recognised towards compensated absences in statement of Profit and Loss during the year is ₹ 76.86 lacs (Previous Year ₹ 87.05 lacs)

Valuations of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

- (i) Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (i.e. value of defined benefit obligation).
- (ii) Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (iii) Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (iv) Investment Risk : The Company has funded with HDFC Insurance fund, therefore there is no significant Investment risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Gratuity

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
	Gratuity (Funded)	Gratuity (Funded)
(i) Change in defined benefit obligation		
Balance at the beginning of the year	486.90	431.25
Adjustment of:		
Current Service Cost	34.30	26.16
Interest Cost	27.12	26.56
Actuarial (gains) losses recognised in Other Comprehensive Income:		
- Change in Financial Assumptions	-	30.63
- Change in Demographic Assumptions	-	(0.24)
- Experience Changes	28.99	1.95
Benefits Paid	(58.97)	(29.41)
Balance at the end of the year	518.34	486.90
(ii) Change in fair value of assets		
Balance at the beginning of the year	499.13	439.79
Re-measurements due to:		
Actual Return on plan assets less interest on plan assets	4.07	22.49
Interest income	28.86	28.18
Contribution by the employer	50.66	38.08
Benefits Paid	(58.97)	(29.41)
Balance at the end of the year	523.75	499.13
(iii) Net asset / (liability) recognised in the Balance sheet		
Present value of defined benefit obligation	518.34	486.90
Fair value of plan assets	(523.75)	(499.13)
Net (asset) / liability in the Balance sheet	(5.41)	(12.23)
(iv) Expenses recognised in the statement of Profit and loss		
Current service cost	34.30	26.16
Interest cost	(1.74)	(1.62)
Total expense charged to statement of Profit and loss	32.56	24.54
(v) Re-measurements recognised in other comprehensive Income (OCI):		
Changes in financial assumptions	-	30.63
Changes in demographic assumptions	-	(0.24)
Experience adjustments	28.99	1.95
Actual return on plan assets less interest on plan assets	(4.07)	(22.49)
Amount recognised in other comprehensive Income (OCI):	24.92	9.85
Present value of funded obligations	518.34	486.90
Fair value of plan assets	523.75	499.13
(Surplus) of funded plan	(5.41)	(12.23)
Unfunded plan	-	-
(Surplus) of Gratuity plan	(5.41)	(12.23)

Fair value of plan assets at the balance sheet date for defined benefit obligations:

Gratuity

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Insurer managed funds (funded with HDFC Insurance fund)	523.75	499.13
Total	523.75	499.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Major category of plan assets as a % of plan assets :

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Debentures/Bonds	34.14%	51.51%
Govt Securities	61.76%	44.64%
Deposits , Money Market Securities and Net Current Assets	4.10%	3.84%
Total	100.00%	100.00%

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Gratuity

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Discount rate	6.55%	6.55%
Salary escalation rate	5.00%	5.00%
Expected Return on plan assets	6.55%	6.55%
Withdrawal rates	60% at lower service reducing to 1% at higher service	60% at lower service reducing to 1% at higher service

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumption		Impact on defined benefit obligation Increase (decrease) in assumption	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	Discount rate	+/-0.5%	+/-0.5%	(17.62) / 18.92
Salary escalation rate	+/-0.5%	+/-0.5%	18.37 / (17.29)	17.30 / (16.29)
Withdrawal Rate	+/-10%	+/-10%	(0.56) / 0.84	(0.27) / 0.40

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The expected contribution for next year is ₹ 36.10 lacs

Maturity Analysis

Particulars	Year 1	Year 2	Year 3-5	Year 6-10
31-Mar-21				
Defined Benefit Obligation	154.07	20.04	89.76	170.00
31-Mar-20				
Defined Benefit Obligation	145.75	11.84	53.51	222.06

Compensated absences

The summary of the assumptions used in the valuations is given below:

Financial Assumptions

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Discount Rate (p.a)	6.55%	6.55%
Salary Growth Rate (p.a)	5.00%	5.00%
Withdrawal rates	60% at lower service reducing to 1% at higher service	60% at lower service reducing to 1% at higher service

Leave Availment & Encashment Rate

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Leave Availment Rate (p.a.)	1.00%	1.00%
Encashment in service (p.a.)	0.00%	0.00%

NOTE 17 - OTHER LIABILITIES

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-Current		
Advance from customers	22.11	22.11
Deferred income	12.39	13.86
Total Non-Current	34.50	35.97
Current		
Advance from customers.	640.08	853.76
Deferred income	1.46	1.46
Contract liabilities*	295.54	356.81
Statutory dues	62.61	167.75
Total Current	999.69	1,379.78

*Classified as non financial liability as the contractual right to consideration is dependent on completion of contractual milestones.

NOTE 18 - TRADE PAYABLES

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) total outstanding dues of micro enterprises and small enterprises	447.46	333.74
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	4,211.37	4,859.83
Total	4,658.83	5,193.57

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company and relied by the auditors.

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	433.31	327.85
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.20	0.69
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1,071.68	1,024.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
- Amount of principal payments made to the supplier beyond the appointed day	1,071.68	1,024.95
- Amount of interest payments made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	7.06	5.20
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	14.15	5.89
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	14.15	5.89

The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

NOTE 19 - OTHER FINANCIAL LIABILITIES

(in ₹ lacs)

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Non-Current		
Deferred premium on derivative instrument	212.56	149.78
Total Non-Current	212.56	149.78
Current		
Current maturities of long-term borrowing (Refer note 14)	2,632.81	1,098.09
Accrued interest payable	107.75	124.19
Unpaid dividends	2.77	2.77
Capital creditors	623.46	613.42
Trade/Security deposit received	1.00	1.00
Accrued expense	8.00	8.50
Employee liabilities	459.76	304.37
Deferred premium on derivative instrument	137.99	63.01
Derivative liability	44.63	18.98
Total Current	4,018.17	2,234.33

NOTE 20 - REVENUE FROM OPERATIONS

(in ₹ lacs)

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products	33,542.35	30,593.80
Sale of services	1,698.55	1,539.92
Other operating revenue		
Sale of scrap	46.95	53.75
Export incentives	435.69	780.54
Others	66.59	21.51
Interest on finance lease	269.51	614.71
Total other operating revenue	818.74	1,470.51
Total	36,059.64	33,604.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 21 - OTHER INCOME

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income on deposits	25.16	14.16
Profit or Loss on sale of Asset	0.80	-
Net gain on foreign currency transactions	229.44	76.87
Other non-operating income	2.67	8.04
Total	258.07	99.07

NOTE 22(A) - COST OF MATERIAL CONSUMED

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock	3,415.62	2,874.50
Add:Purchases	23,181.05	20,447.52
Less :Closing stock	(3,882.41)	(3,415.62)
Total	22,714.26	19,906.40

NOTE 22(B) - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the end of the year		
Finished goods	1,303.90	821.36
Work in progress	1,396.02	690.12
	2,699.92	1,511.48
Inventories at the beginning of the year		
Finished goods	821.36	866.75
Work in progress	690.12	528.85
	1,511.48	1,395.60
Net (increase) /decrease	(1,188.44)	(115.88)

NOTE 23 - EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended	
	31 March 2021	31 March 2020
Salaries, wages and bonus	2,973.61	2,252.61
Contributions to provident and other funds	281.13	201.50
Staff welfare expenses	167.74	142.51
Total	3,422.48	2,596.62

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 24 - FINANCE COSTS

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on:		
Borrowings	1,156.54	1,010.28
Loans from related parties	1.76	1.76
Exchange difference on restatements of ECB to the extent considered as interest cost	46.26	16.22
Others	68.26	21.64
Total	1,272.82	1,049.90

NOTE 25 - DEPRECIATION AND AMORTISATION EXPENSE

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation	1,853.97	1,727.42
Amortisation	98.63	61.89
Total	1,952.60	1,789.31

NOTE 26 - OTHER EXPENSES

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Stores and spares consumed	237.17	149.93
Subcontracting and labour charges	796.90	1,204.24
Repairs & maintenance		
- Building	54.00	56.04
- Plant & Machinery	504.85	462.75
- Others	100.74	66.20
Rent (Refer note 28)	43.05	27.72
Rates and taxes	39.21	200.88
Insurance	181.96	106.60
Conveyance expense	24.97	35.54
Postage and telephone expense	18.29	16.36
Printing and stationery	34.33	32.06
Vehicle expense	87.22	79.67
Legal and professional	148.34	104.86
Directors' sitting fees	21.00	13.50
Sales commission and Fees	38.36	57.46
Payments to auditors (Refer Note (i) below)	16.76	17.64
Travelling expense	42.87	200.02
Carriage outwards	452.92	310.26
Advertisement	44.34	89.32
Corporate social responsibility (Refer note (ii) below)	63.25	16.46
Royalty	-	0.92
Expected credit loss allowance	15.07	37.06
Bad debt written off	-	6.90
Testing fees	172.79	165.26
Bank charges	82.03	57.71
Loss on sale of PPE	-	2.54
Miscellaneous expenses	141.46	151.90
Total	3,361.88	3,669.80

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(i) Details of payment to auditors		
Payments to the auditors comprises		
To statutory auditors		
(A) Audit fees	15.00	15.00
(B) Other services	1.76	1.22
(C) Reimbursement of expenses	-	1.42
Total	16.76	17.64
(ii) Corporate Social Responsibility		
Amount required to be spent as per Section 135 of the Act	63.25	58.24
Amount spent during the year on		
(A) Construction/acquisition of an asset	-	-
(B) On purposes other than (A) above	63.25	16.46
Total	63.25	16.46

NOTE 27 - TAXATION

27 (a) - Income tax expense

(in ₹ lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current tax		
Tax expense for current year	522.76	766.03
Total current tax expense	522.76	766.03
Deferred tax		
Deferred tax (benefit) / expense pertaining to current year	263.51	(55.28)
Total deferred tax expense/(benefit)	263.51	(55.28)
Total income tax expense recognised in current year	786.27	710.75

Income Tax Recognised in other comprehensive Income

(in ₹ lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred Tax on items recognised in other comprehensive Income		
- Reameasurements of post employment benefit obligations	6.27	2.87
- Effective portion of gains/(losses) on hedging instrument in cash flow hedges	(21.85)	11.35
Total current tax expense	(15.58)	14.22

27 (b) - Reconciliation of Estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(in ₹ lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit for the period	2,988.35	3,069.77
Statutory tax rate applicable to Shaily Engineering Plastics Limited	29.120%	29.120%
Tax expense at applicable tax rate	870.21	893.92
Tax effects of following in calculating taxable income:		
Additional deduction claimed under Income tax Act	(131.53)	(67.90)
Adjustment of previous year taxes including deferred tax	25.75	(18.29)
Expenses not allowed as per Income tax Act	21.84	7.73
Impact on account of remeasurement of deferred tax assets under Sec 115 BAA*		(104.71)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income tax expense	786.27	710.75
Effective tax rate	26.311%	23.153%

*The Company expects that it will exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 in 2021-22. Accordingly the Company has remeasured its deferred tax assets (net) positions and on the basis of the rate prescribed under section 115BAA, has taken the full effect to Statement of Profit and Loss during quarter and year ended 31 March 2020.

Tax Expense for the quarter and year ended 31 March 2020 includes tax benefit of ₹ 104.71 lacs on account of re-measurement of deferred tax assets (net).

27 (c)- Deferred tax liabilities

The balance comprises temporary differences attributable to:

(in ₹ lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax liabilities:		
Difference between accounting and tax written down value of PPE & Intangible assets	1,168.80	876.93
Total deferred tax liabilities	1,168.80	876.93
Deferred tax assets:		
Adjustment on account of provision for expected credit loss	13.55	21.31
Other timing differences	127.78	121.45
Total deferred tax assets	141.33	142.76
Net deferred tax liabilities	1,027.47	734.17

Movement in deferred tax balances

Particulars	As at 31 March 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive income	Adjustment	As at 31 March 2021
Deferred tax liabilities:					
Difference between Accounting and Tax written down value	876.93	291.87			1,168.80
Other timing difference			15.57	14.22	29.79
Total deferred tax liabilities	876.93	291.87	15.57	14.22	1,198.59
Deferred tax assets:					
Adjustment on account of provision for expected credit loss	21.32	(7.77)	-	-	13.55
Other timing differences	121.44	36.13			157.57
Total deferred tax assets	142.76	28.36	-	-	171.12
Net deferred tax liabilities	734.17	263.51	15.57	14.22	1,027.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	As at 31 March 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to Other Comprehensive income	Adjustment	As at 31 March 2020
Deferred tax liabilities:					
Difference between Accounting and Tax written down value	882.69	(5.76)			876.93
Total deferred tax liabilities	882.69	(5.76)	-	-	876.93
Deferred tax assets:					
MAT credit entitlement	-	-	-	-	-
Adjustment on account of provision for expected credit loss	10.53	10.79	-	-	21.32
Other timing differences	68.49	38.73	14.22		121.44
Total deferred tax assets	79.02	49.52	14.22	-	142.76
Net deferred tax liabilities	803.67	(55.28)	(14.22)		734.17

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax recognised in OCI related to Reameasurements of post employment	6.27	2.87
Deferred tax recognised in OCI related to effective portion of gains/(losses) on hedging instrument in cash flow hedges	(21.85)	11.35
Total	(15.57)	14.22

NOTE 28 - LEASING ARRANGEMENTS

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are cancellable and are for a period of 1 year and may be renewed for a further period of 1 year based on mutual agreement of the parties. The amount charged to statement of Profit and Loss for the year is ₹ 43.05 lacss (previous year ₹ 27.72 lacss)

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 1 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination. Thus, the disclosure of minimum lease rentals payable or receivable has not been provided.

NOTE 29 - FINANCIAL INSTRUMENTS

29 a) - Fair Value Measurement - Financial instruments by category

(in ₹ lacs)

Particulars	Amortised cost	
	As at 31 March 2021	As at 31 March 2020
Financial assets		
Trade receivables	6,953.43	6,102.51
Cash and cash equivalents	98.25	702.33
Bank balances other than cash and cash equivalent above	193.37	281.81
Investment in Preference shares (Gross of allowance for impairment)	27.04	27.04
Loans and advances to employees	72.79	63.93
Other Financial Assets	560.90	1,203.08
Total financial assets	7,905.78	8,380.70
Financial liabilities		
Borrowings	17,323.55	12,266.88
Trade Payables	4,658.83	5,193.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

Particulars	Amortised cost	
	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term debt (Secured)	2,632.81	1,098.09
Accrued interest payable	107.75	124.19
Unpaid dividends	2.77	2.77
Capital Creditors	623.46	613.42
Trade/Security deposit received	1.00	1.00
Accrued expense	8.00	8.50
Employee liabilities	459.76	304.37
Premium Payable on derivative instrument	350.55	212.79
Total financial liabilities	26,168.50	19,825.58

(in ₹ lacs)

Particulars	FVOCI	
	As at 31 March 2021	As at 31 March 2020
Financial assets		
Equity shares of Panax Appliances Pvt. Ltd.(Gross of allowance for impairment)	11.90	11.90
Equity shares of Citizen Co-operative Society Ltd.	0.08	0.08
Derivative Asset	465.45	184.25
Total financial assets	477.43	196.23
Financial liabilities		
Derivative liability	44.63	18.98
Total financial liabilities	44.63	18.98

29 b) Fair Value Measurement - Hierarchy

Financial assets and liabilities measured at fair value -recurring fair value measurements

(in ₹ lacs)

As at 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative Instruments					
Designated as Cash Flow Hedge	6	-	465.45	-	465.45
Financial Investments at FVOCI					
Equity Shares of Panax Appliances Pvt. Ltd.	5	-	-	11.90	11.90
Equity Shares of Citizen Co-operative Society Ltd	5	-	-	0.08	0.08
Total Financial Assets		-	465.45	11.98	477.43
Financial liabilities					
Derivative Instruments					
Designated as Cash Flow Hedge	19	-	44.63	-	44.63
Total Financial liabilities		-	44.63	-	44.63

Financial assets and liabilities measured at fair value -recurring fair value measurements

(in ₹ lacs)

As at 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative Instruments					
Designated as Cash Flow Hedge	6	-	184.25	-	184.25
Financial Investments at FVOCI					
Equity Shares of Panax Appliances Pvt. Ltd.	5	-	-	11.90	11.90
Equity Shares of Citizen Co-operative Society Ltd.	5	-	-	0.08	0.08
Total Financial Assets		-	184.25	11.98	196.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(in ₹ lacs)

As at 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivative Instruments		-	-	-	-
Designated as Cash Flow Hedge	19	-	18.98	-	18.98
Total Financial liabilities		-	18.98	-	18.98

For all the financial assets and liabilities referred above that are measured at amortised cost, their carrying amounts are reasonable approximations of their fair values.

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

There were no transfers between any levels during the year.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and debentures are included in level 3.

29 c) Fair Value Measurement - Technique

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

29 d) Derivative Financial Instruments

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

(i) The details of various outstanding derivative financial instruments are given below :

(in ₹ lacs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated in cash flow hedges				
- Option contract	465.45	-	184.25	-
- Interest rate swap	-	44.63	-	18.98
Total designated derivatives	465.45	44.63	184.25	18.98

(ii) The details of the gross notional amounts of derivative financial instrument outstanding :

Derivative instruments	Underlying	As at 31 March 2021	As at 31 March 2020
- Option contract	EUR/INR	€ 45 lacs	€ 20 lacs
- Interest rate swap	Floating to Fixed	€ 45 lacs	€ 20 lacs

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(iii) The movement of cash flow hedges in other comprehensive income is as follows :

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(27.64)	-
Change in the fair value of effective portion of cash flow hedges	86.80	(38.99)
Deferred tax on fair value of effective portion of cash flow hedges	(21.85)	11.35
Balance at the end of the year	37.31	(27.64)

NOTE 30 - FINANCIAL RISK MANAGEMENT

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management framework, through which management develops and monitors the Company's risk management policies. The key risks and mitigating actions are also placed before the Board of directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Framework of the Company is enforced by the finance team and experts of business division that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimising returns; and

The finance department is responsible to maximise the return on companies internally generated funds.

30 a) Management of credit risks

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited. This is due to the Company's policy of strict credit worthiness tests it performs for all its sales. Company deals with limited number of customers with highest credit ratings. Company acts as institutional supplier to its customers without any channel distribution model. Most of the Company products are plastic moulded components, specially created as per the designs of its customer and are either semi finished goods or critical to business operations of its customers, making it business prudent for customers for not to dispute or delay payment of any receivable to the Company. All trade receivables are regularly reviewed and assessed for default on an ongoing basis.

Expected credit loss for trade receivable under simplified approach

Ageing	Not due	0-090 days	091-180 days	181-270 days	271-360 days	More than 360 days	Total
Year ended 31 March 2021							
Gross carrying amount	5,220.11	1,630.53	51.45	27.62	21.17	56.37	7,007.25
Expected credit losses (Loss allowance provision)	6.20	5.00	1.37	1.68	3.59	35.98	53.82
Carrying amount of trade receivables	5,213.91	1,625.53	50.09	25.94	17.58	20.39	6,953.43
Year ended 31 March 2020							
Gross carrying amount	2,958.23	2,601.33	376.41	97.47	94.12	48.16	6,175.72
Expected credit losses (Loss allowance provision)	1.60	6.84	4.21	15.89	14.55	30.13	73.21
Carrying amount of trade receivables	2,956.63	2,594.49	372.20	81.58	79.58	18.03	6,102.51

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

30 b) Management of liquidity risk:

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the Company's credit rating and impair investor confidence.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the balance sheet date:

	Carrying amount	Less than 12 months	More than 12 months	Total
As at 31 March 2021				
Borrowings	19,956.37	7,119.98	12,836.39	19,956.37
Trade Payables	4,658.83	4,658.83	-	4,658.83
Accrued interest payable	107.75	107.75	-	107.75
Unpaid dividends	2.77	2.77	-	2.77
Capital creditors	623.46	623.46	-	623.46
Trade/Security deposit received	1.00	1.00	-	1.00
Accrued expense	8.00	8.00	-	8.00
Employee liabilities	459.76	459.76	-	459.76
Deferred premium on derivative instrument	350.55	138.00	212.55	350.55
Derivative liability	44.63	44.63	-	44.63
	26,213.13	13,164.19	13,048.94	26,213.13
As at 31 March 2020				
Borrowings	13,364.97	6,153.33	7,211.64	13,364.97
Trade Payables	5,193.57	5,193.57	-	5,193.57
Accrued interest payable	124.19	124.19	-	124.19
Unpaid dividends	2.77	2.77	-	2.77
Capital creditors	613.42	613.42	-	613.42
Trade/Security deposit received	1.00	1.00	-	1.00
Accrued expense	8.50	8.50	-	8.50
Employee liabilities	304.37	304.37	-	304.37
Deferred premium on derivative instrument	212.79	63.01	149.78	212.79
Derivative liability	18.98	18.98	-	18.98
	19,844.56	12,483.14	7,361.42	19,844.56

30 c) Management of market risks

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including receivables, payables and borrowings denominated in foreign currency. The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below:

30 d) (i) Foreign currency risk

The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency ('INR) of the Company. The management does not undertake any hedging activities or otherwise to offset or mitigate the foreign currency and interest rate risk that it is exposed to other than the hedging EUR ECB loan. The Company undertakes significant of its foreign currency transaction in United States Dollar ('USD'). To the extent of lower of exports and imports that the Company undertakes in USD, the Company has a natural hedge against the exposure to foreign currency risks. However the Company has taken a EUR ECB Loan for which Currency Call Hedge has been undertaken.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Company is exposed to foreign currency risks on accounts of foreign currency denominated receivables and payables as below:

(Amount in foreign & rupee currency in lacss)

	USD	₹	EURO	₹	TWD	₹	GBP	₹
As at 31 March 2021								
Financial assets								
Trade receivable	25.50	1,874.24	0.89	76.20	-	-	-	-
Bank balance in EEFC accounts	0.63	46.38	-	-	-	-	-	-
Exposure to foreign currency assets	26.13	1,920.62	0.89	76.20	-	-	-	-
Financial liabilities								
Trade payables	12.86	945.19	1.55	133.77	0.04	0.09	0.63	63.17
Borrowings	-	-	45.00	3,874.46	-	-	-	-
Less : Foreign currency hedged	-	-	(45.00)	(3,874.46)	-	-	-	-
Interest Payable on Foreign borrowings			0.33	28.80				
Exposure to foreign currency risk liabilities	12.86	945.19	1.89	162.57	0.04	0.09	0.63	63.17
As at 31 March 2020								
Financial assets								
Trade receivable	13.65	1,028.86	0.34	28.26	-	-	0.00	0.01
Bank balance in EEFC accounts	1.81	136.23	-	-	-	-	-	-
Exposure to foreign currency assets	15.46	1,165.09	0.34	28.26	-	-	0.00	0.01
Financial liabilities								
Trade payables	9.36	705.95	0.19	15.51	0.02	0.05	1.66	154.57
Borrowings	-	-	20.00	1,660.99	-	-	-	-
Less : Foreign currency hedged	-	-	(20.00)	(1,660.99)	-	-	-	-
Exposure to foreign currency risk liabilities	9.36	705.95	0.19	15.51	0.02	0.05	1.66	154.57

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises from above referred outstanding balances.

Currency Sensitivity	Impact on profit before tax	
	As at 31 March 2021	As at 31 March 2020
USD sensitivity		
INR/USD -Increase by 1%*	9.75	4.59
INR/USD -decrease by 1%*	(9.75)	(4.59)
EURO sensitivity		
INR/EURO -Increase by 1%*	(0.86)	0.13
INR/EURO -decrease by 1%*	0.86	(0.13)
GBP sensitivity		
INR/GBP -Increase by 1%*	(0.63)	(1.55)
INR/GBP -decrease by 1%*	0.63	1.55

*Holding all other variables constant

The outstanding TWD denominated balance being insignificant has not been considered for the purpose of sensitivity disclosures.

30 d) (ii) Interest rate risk

Interest rate risk arises on account of variable interest rate borrowings held by the Company. The uncertainties about the future market interest rate of these borrowings exposes the Company to the interest rate risk.

Currently, Interest rate on Term Loans are linked with Marginal Cost of funds based Lending Rate (MCLR) and to the extent of variation in MCLR, interest rates on terms loans are expected to be changed. The interest rates on Term loans which are linked with MCLR are reported in Note 14 - Non-current Borrowings.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Company has taken a ECB loan of € 4.5 Million from the Standard chartered Bank, Dubai International Financials Branch, First of its drawdown being of € 2.0 Million & the second drawdown being of €2.50 Million. We have taken Interest rate swap for converting the floating interest rate to fixed rate and thus hedging against risk of upward movement of EURIBOR rates.

For the year ended 31 March 2021 and 31 March 2020, a 10 basis point increase / decrease in interest rate on floating rate liabilities would impact Company's profit before tax by approximately 0.48% and 0.10% respectively.

Capital Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may borrow from external parties such as banks or financial institutions. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain shareholder, creditor and stakeholder confidence to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Total Debt (Bank and other borrowings)	19,956.37	13,364.97
Equity	18,186.55	15,938.18
Liquid Investments and bank deposits	291.70	1,004.21
Debt to Equity (Net)	1.09	0.78

Dividend

The directors have recommended a dividend of ₹ Nil per fully paid up share. (31 March 2020 ₹ Nil).

NOTE 31 - DETAILS OF GOVERNMENT GRANTS

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Government grants received by the Company during the year towards		
i.) Duty drawback (recognised under Export Incentive under Other revenue from operations)	7.55	4.42
ii.) Other incentives (Merchandise Exports from India Scheme and Focus Product Scheme the revenue of which has been recognised under Export Incentive)	428.14	776.12
iii.) Other Government Grant include grant received by the Company in respect to investment made by the Company in plant and equipment.		
A) Amount of grant received during the year	-	-
B) Amortised in statement of Profit and Loss	1.45	1.45
C) Unamortised portion of grant recorded as deferred income in current and non current liabilities	13.88	15.33

NOTE 32 - SEGMENT REVENUE

In accordance with the requirement of Ind AS 108 - "segment reporting", the Company is primarily engaged in the business of manufacturing of customised components made up of plastic and other materials and has no other primary reportable segments. The Board of Directors of the Company allocates the resources and assess the performance of the Company, thus Chief Operating Decision Maker ("CODM"). The CODM monitors the operating results of the business as a single segment hence no separate segment needs to be disclosed. Thus the segment revenue, segment result, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation and amortisation during the year are all as reported in the financial statements for the year ended 31 March 2021 and as on that date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

(in ₹ lacs)		
Revenue from sale of products and services	As at 31 March 2021	As at 31 March 2020
India	10,494.57	10,907.88
Outside India	24,746.32	21,225.84
Total Revenue from sale of products and services	35,240.90	32,133.72

(in ₹ lacs)		
Non-current assets	As at 31 March 2021	As at 31 March 2020
India	29,020.95	22,826.09
Outside India	-	-
Total non-current assets	29,020.95	22,826.09

The Company earns revenue from one major customer who individually contribute more than 10 percent of the Company's revenue.

NOTE 33 - RELATED PARTY TRANSACTIONS

33 a) Details of related parties

Description of relationship	Names of related parties
Key Management Personnel	
Executive Chairman	Mr. Mahendra B. Sanghvi
Managing Director	Mr. Amit M. Sanghvi
Executive Director	Mr. Laxman B. Sanghvi
Whole Time Director	Mrs. Tilottama M. Sanghvi
Chief Executive Officer	Mr. Anil H. Kalra
Other Related Parties	
Entities in which KMP have significant influence	Panax Appliances Pvt. Ltd.
Entities in which KMP have significant influence	Shaily Medical Plastics Pvt.Ltd.
Relative of key management personnel	Mrs.Kinjal S Bhavsar
Firm owned by relative of key management personnel	Jariwala Shah Kanji Raichand & Co

33 b) Key management personnel compensation

Year ended 31 March 2021	Total
Mr. Mahendra B. Sanghvi	126.86
Mr. Amit M. Sanghvi	130.58
Mr. Laxman B. Sanghvi	72.53
Mrs. Tilottama M. Sanghvi	62.37
Mr. Anil H. Kalra	100.88
Year ended 31 March 2020	
Mr. Mahendra B. Sanghvi	126.84
Mr. Amit M. Sanghvi	128.55
Mr. Laxman B. Sanghvi	72.70
Mrs. Tilottama M. Sanghvi	11.81
Mr. Anil H. Kalra	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

33 c) Transactions with related parties

Nature of Transaction	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Rent paid for lease arrangements		
Mrs. Tilottama M. Sanghvi	8.40	8.40
Jariwala Shah Kanji Raichand & Co	7.08	7.08
Interest paid on loans		
Mr. Laxman B. Sanghvi	1.76	1.76
Remuneration		
Mrs Kinjal Bhavsar	36.13	35.73

33 d) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions;

	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Receivables		
Shaily Medical Plastics Pvt. Ltd.	9.50	9.50
Total receivables to related parties	9.50	9.50
Trade Payables		
	-	20.03
Loans		
Mr. Laxman B. Sanghvi	13.85	13.85
Total payables to related parties	13.85	33.88

33 e) Terms and conditions :

- (i) All outstanding balances are unsecured and are repayable/receivable in cash and all the transactions with these related parties are priced on an arms length basis

NOTE 34 - CONTINGENT LIABILITIES

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
(a) Income Tax	2.54	2.54
(b) Sales Tax	5.74	5.74
(c) Custom Duty	97.84	97.84
(d) Service Tax	185.75	-
(e) Workmen compensation	Amount Not determinable	Amount Not determinable

It is not practical for the Company to estimate the closure of these issue and the consequential timing of cash flows, if any.

The Hon'ble Supreme Court of India ("SC") set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. In view of management, guidelines directed under SC judgement has been implemented w.e.f. 01 October 2019 and an additional financial liability for the period from 01 April 2019 to 30 September 2019 has been considered in provision. In addition, the SC judgement hasn't expressed whether this effect shall be prospectively or retrospectively, the impact before 01 April 2019, if any, is not ascertainable and consequently no financial effect has been provided for in the accounts. Accordingly, this has been disclosed as a contingent liability in the financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 35 - COMMITMENTS

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
-Tangible assets	5,665.32	1,985.12

NOTE 36 - DISCLOSURE UNDER IND AS 115

(A) Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Revenue as per contracted price	35,240.90	32,133.72
Adjustments :		
Rebates & Discounts	-	-
Revenue from contract with customers	35,240.90	32,133.72

(B) Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables (net of allowances for expected credit loss)(Note 9)	6,953.43	6,102.51
Contract assets e.g. Unbilled Revenue (Note 7)	144.27	145.45
Contract liabilities e.g. Overbilled Revenue (Note 17)	295.54	356.81

Changes in contract assets and liabilities are mainly on account of contractual right to consideration and is dependent on completion of contractual milestones.

(C) Unsatisfied Performance Obligation

Revenue to be recognised in future related to the performance obligations that are unsatisfied or partially satisfied as at 31 March 2021 and expected to be recognised within one year is of ₹ 2211.53 lacs (P.Y. ₹ 2588.81 lacss) and for more than one year is ₹ 335.12 lacs (₹ 481.25 lacs).

(D) Disaggregation of revenue

The management determines that the segment information reported under Note 32 - Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

(E) Significant payment terms

Generally, the Company provides credit period in the range of 30 -120 days for customers.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 37 - EARNINGS PER SHARE

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Profit attributable to the equity holders of the Company	2,202.08	2,359.02
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	8,318,430	8,318,430
Total basic & diluted earnings per share attributable to the equity holders of the Company	26.47	28.36

NOTE 38 - OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The below note presents the recognised financial instruments that are offset or subject to enforceable master netting arrangements and other similar arrangements and other similar agreements, but not offset as at 31 March 2021; 31 March 2020

Collateral against borrowings

The Company has hypothecated / mortgaged financial instruments as collateral against a number of its borrowings. Refer note 39(assets pledged) for further information on financial and non-financial collateral hypothecated.

NOTE 39 - ASSETS PLEDGED AS SECURITY

Particulars	(in ₹ lacs)	
	As at 31 March 2021	As at 31 March 2020
Current (Present and Future)		
First charge for short term working capital loans from banks and second charge for long term borrowing		
Inventories	6,686.86	4,968.82
Trade receivables	6,953.43	6,102.51
Cash and cash equivalents	98.25	702.33
Bank balances other than cash and cash equivalents	193.37	281.81
Balances with government authorities	2,427.24	1,714.05
Advance to suppliers	404.33	518.41
Interest accrued on deposits	6.55	3.09
Loan to employees	27.41	18.67
Finance Lease receivables	376.43	645.64
Derivative asset	102.15	-
Prepaid expense	263.04	220.11
Contract assets	144.27	145.45
Total current assets pledged as security	17,683.33	15,320.90
Non-Current		
First charge for all term loans from banks		
Property, plant and equipment	22,085.72	15,493.06
Capital work-in-progress	2,305.49	3,719.00
Total	24,391.21	19,212.05
Second charge for short term working capital loans		
Property, plant and equipment(including vehicles)	22,085.72	15,493.06
Capital work-in-progress	2,305.49	3,719.00
Total	24,391.21	19,212.05

Note 39A - Disclosure as per Regulation 34(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Name of the party	Relationship	Nature	As at 31 March 2021	As at 31 March 2020
Shaily Medical Plastics Pvt. Ltd.	Significant Influence of KMP	Outstanding Balance	9.50	9.50
		Maximum Balance	9.50	9.50
		Outstanding		

The above advance has been given for business purpose

Note 39B - Disclosures under rule 16A of the Companies (Acceptance of Deposits) Rule 2014.

(in ₹ lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Money received from Director during the year	-	-
Balance outstanding at the end of the year	13.85	13.85

NOTE 40 - NOTE ON FINANCE LEASES

The Company has entered into Purchase Agreements with its customers for various Moulds. The agreements with customers for these assets provide for take or pay arrangement as per which customers are committed to purchase committed quantity of the component from the Company over definite period of time failing which customers are obliged to reimburse the Company for the shortage in minimum committed quantity. This arrangement analysis pursuant to Ind AS 116 "Leases" identified an embedded finance lease and accordingly, the said arrangement has been accounted accordingly (Refer Note 6).

Amount receivable under Finance Lease

	Minimum Lease receivable		Present value of minimum lease payments	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Not later than one year	378.52	698.69	376.43	645.64
Later than one year and not later than five years	282.60	661.12	177.92	554.35
Later than five years	-	-	-	-
Total	661.12	1,359.80	554.35	1,199.99
Unearned finance income	106.77	159.81	-	-
Present value of minimum lease payments receivable	554.35	1,199.99	554.35	1,199.99
Allowance for uncollectible lease payments	-	-	-	-

NOTE 41 - RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Particulars	As at 31 March 2021
Net debt at beginning of year	13,364.97
Net increase in long-term loans	7,159.47
Net increase in/(repayment) of short-term loans	(568.08)
Movement in net debt	6,591.39
Net debt at end of year	19,956.36

* (includes short term borrowing, long term borrowings and current maturities of long term debt)

Analysis of changes in net debt	As at 31 March 2020	Cash (inflow)/ outflow	As at 31 March 2021
Cash and cash equivalents	702.33	(606.08)	98.25
Debt due within one year	(6,153.33)	568.08	(7,119.97)
Debt due after one year	(7,211.64)	(7,159.47)	(12,836.39)
Net debt	(12,662.64)	(7,197.47)	(19,858.11)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 42 - RESEARCH & DEVELOPMENT EXPENDITURE

Particulars	(in ₹ lacs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Expenditure incurred on research and development		
(a) Included in employee benefit expenses	213.42	202.55
(b) Included in tangible assets	221.08	66.38
(c) Included in intangible assets	11.37	-
(d) Included in other expenses	1.08	36.28
Total	446.95	305.21

NOTE 43

The financial statements are approved for issue by the Board of Directors in their meeting held on 29 May 2021.

NOTE 44 - DISCLOSURE ON SPECIFIED BANK NOTES

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

NOTE 45 - IMPACT ON COVID - 19

The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

The Company has made detailed assessment of its liquidity position for the next one year and the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible Assets, Finance Lease Receivables, Trade Receivables, Other Receivables and Inventory as at the balance sheet date and has concluded that there is no material adjustments required in the Financial Statements.

Management believes that it has considered all the possible impact of known events arising from COVID -19 pandemic in the preparation of the financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

NOTE 46

Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure is required.

In terms of our report attached

For B S R & Associates LLP

Chartered Accountants
Firm's Registration
No: 116231 W/W-100024

Jeyur Shah
Partner
Membership No: 045754

Ahmedabad, 29 May 2021

For and on Behalf of the Board of Directors

Shaily Engineering Plastics Limited
CIN : L51900GJ1980PLC065554

Amit Sanghvi
Managing Director
DIN: 00022444

Vadodara, 29 May 2021

Laxman Sanghvi
Executive Director
DIN: 00022977

Chintan Shah
Chief Financial
Officer

Preeti Sheth
Company Secretary



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